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NEWS SUMMARY

GENERAL

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...,000 gathered in central ... *to mark the sixth anni-* ... of General Franco's ... the biggest demonstra- ... disaffection with demo- ... mounted by Spain's ... Right.

... turned a blind eye to ... *gal use of Fascist uni-* ... and national flags, as ... is chanting "Franco, ..." and giving the Fascist ... out on their first show ... ngth since the failed ... February.

... urged the release of ... Antonio Tejero, who led ..., but *the main speaker* ... or the use of the ballot ... overthrow the present ... system. Page 2

...peace march

...y's Peace Movement ... through Amsterdam drew ...0,000, the biggest post- ... demonstration there. ... an President Nicolae ...scu said U.S. President ...'s proposed ban on ...-range missiles in ... deserved consideration. ...lands Survey, Inset, Page

...sh police raid

... police broke up a ... meeting of several ... political and trade union ...s who had met to form ... opposition organisation ...ed as overtly anti- ...unist.

...olution call

...itish and Irish govern- ... reacted coolly to a call ... estant leader Rev Ian ... for a new convention ... ice proposals for a form ... olved government in ... n Ireland. Back Page

...hnev protest

... thousands of Afghans, ... atives, ecologists and ... protesters held rallies in ... s Soviet leader Leonid ... v arrived for talks with ... lor Helmut Schmidt. ...age

...low jobs

... Party leader Michael ... expected to finish allo- ... shadow cabinet port- ... oday. A supporter of ... al nuclear disarmament ... the defence job. Back

...e travelling

...ohn Paul left Rome for ... time since he was shot ...y, and mingled with ... in Collevalenza, Umbria, ... celebrating mass.

...at trial delay

...airo military court ...ied until November 30 ...al of four men accused ...ssinating President Sadat ... accused of plotting it.

...Sinai troops

... has agreed to send ... to the Middle East as part ... peacekeeping force in the ... which Israel is to return ... ot under the terms of the ... David agreement. Page 2

...-tube baby

...ll Short had a 6lb 5½oz ... baby boy in Barnstaple. ... ready has a nine-year-old ... nceived naturally.

...fly . . .

... panda, nearly extinct, is ... oeing hunted, Chinese ...s said.

... Hammond died in Win- ... at 110.

BUSINESS

Spending 'could create ½m jobs'

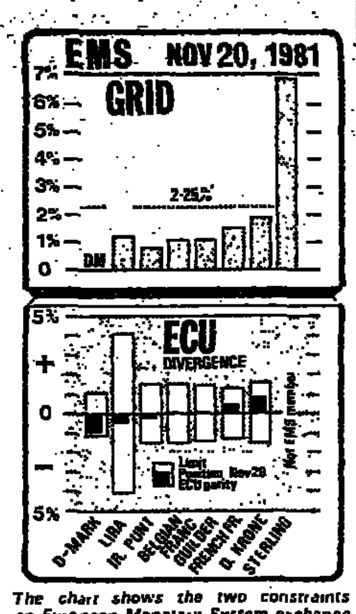
● **INCREASED** public sector capital investment over the next *four years could create up to* 550,000 jobs and raise output by 4 per cent while increasing inflation only 1.5 percentage points according to the Economist Intelligence Unit. **Back Page**

● **GOVERNMENT** has set up a working party to examine the possibility of halving interest costs for capital investment in industry. **Page 4**

● **BRITISH INDUSTRY** is set for a major recovery in profitability, but this is not due to the Government's policies says economist Mr Roy Batchelor. **Page 4**

● **EARNINGS GAP** between the high-paid and low-paid widened significantly in the two years to April 1981 according to the Employment Department's annual survey. **Page 5**

● **INDICATIONS** that the Bank of England does not wish to see a sudden fall in London interest rates kept sterling very firm against the members of the European Monetary System last week. The pound's strength may have also helped the Irish *punt, which was replaced by the* Italian lira as the second weakest EMS currency. The D-mark recovered from the previous week's three-year low against the Swiss franc, but showed little movement within the EMS, remaining the weakest member. Elsewhere there was little change, with the Danish krone staying at the top of the system, followed by the French franc, despite the lower trend in Paris interest rates.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.

● **FRENCH** economic recovery claims are confirmed by higher consumption figures. **Page 2**

● **EEC** ministers will discuss ways of ending state subsidies to European steelmakers at talks in London next month. **Page 5**

● **NORWEGIAN** ferro alloys makers planning to take over Ohio Ferro Alloys of the U.S. for $34m have withdrawn. **Page 24**

● **SAUDIA ARABIA** may have to raise its oil output to avoid *market tensions says a stock-*brokers' report. **Page 5**

● **CAMPAIGN** to improve the quality and competitiveness of British goods will be launched tomorrow by the Government. **Page 4**

● **INTERNATIONAL** exhibition centre has been proposed for the Isle of Dogs enterprise zone, part of London's former enclosed docks. **Back Page**

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Greeks aim to close Nato bases and renegotiate with EEC

BY VICTOR WALKER IN ATHENS

MR ANDREAS PAPANDREOU, the new Socialist Greek Prime Minister, confirmed yesterday that his government would seek the removal of Nato bases from Greece and try to negotiate a special arrangement with the EEC, *which it has only just* joined as a full member.

On the domestic front, a number of *key sectors such as* energy, public transport, utilities, steel, shipyards, cement, mining, fertilisers and pharmaceuticals would be nationalised. The Greek Government would also introduce wage indexation, price controls for essentials and an assault on tax evasion.

Mr Papandreou was presenting his government's policy declaration on the opening day of the new Parliament, following the sweeping victory won by *Pasok, the Socialist Party in* last month's General Election. A vote of confidence will be held at the end of the three-day debate on Tuesday, after which Mr Papandreou is due to fly to London for the EEC summit.

On Greece's continuing membership of the North Atlantic Treaty Organisation, Mr Papandreou repeated that there was no point in Greece belonging to an alliance which did not guarantee its eastern frontiers, while a continuous flow of military equipment to Turkey tended to disturb the balance of power in the Aegean.

He said that when negotiations on the future of U.S. bases in Greece which come under the Nato umbrella, begin early next year, his Government would put forward a timetable for their removal.

Until then, Greece would *insist on full control and super-*vision of the bases' activities, an annual review with the option of abrogating the agreement to safeguard national interests, and suspension of activities at the bases when *these were considered harmful* to Greece's security or damaging to its interests.

Mr Papandreou said his Government would propose the creation of a nuclear-free zone in the Balkans and would in the short-term implement this policy by insisting on the removal of all Nato nuclear warheads.

In his only mention of Turkey, Mr Papandreou said Greece was *not prepared to make any con-*cessions "to the detriment of its national territory." A dialogue with Turkey could be fruitful only if this was understood.

He described the Cyprus issue as essentially one of foreign occupation. He said Greece "does not forget that it remains a guarantor power and has the legal right and obligation to give active support to the struggle of the Cypriot people."

On the EEC, Mr Papandreou said the government's aim was a referendum.

It would fight inside the Community to protect Greece's interests, would make full use of all escape clauses in the Treaty of Rome and the Greece-EEC *accession treaty, and would* "not hesitate to take measures to protect our workers and farmers, irrespective of Community obligations."

In the domestic field, he would proceed with what he *called the socialisation of many* key sectors, including all industries connected with defence.

This would be achieved either through full purchase under the compensation provisions of the constitution or through the acquisition of a majority holding of shares.

He said his government would take immediate measures for the "social control of the banking system." Small private Greek banks and foreign banks would be strictly controlled.

Mr Papandreou said the Greek economy was not in acute crisis but needed careful handling. The current inflation rate of *more than 25 per cent was* double the EEC average.

Greece's State budgets, regular and investment, would this year show a deficit of $190bn, while the public sector deficit would reach $350bn. The size of these deficits was in part due to tax evasion.

Government rates limits could face challenge in High Court

BY PETER RIDDELL, POLITICAL EDITOR

SENIOR MINISTERS have been warned that an attempt to impose centrally fixed limits on local authority rate increases could be challenged in the High Court.

Sir Michael Havers, the Attorney-General, has apparently advised that direct restrictions on council rates could expose the Government to legal actions from a sizable number of local authorities. This is completely separate from the Lords hearing this week on the Greater London Council's supplementary rate.

Ministers have also been told that any central limits would mean that a large amount of Commons time would be taken up considering the necessary orders to councils.

Mr Michael Heseltine, Environment Secretary, has been attempting to find an alternative to referendums as a means of limiting rate rises following the opposition to this method from a large group of Tory backbenchers.

At the end of last week there appeared to be an embarrassing political stalemate in which *there was no agreed option* which was seen as workable and acceptable to backbenchers.

A decision has to be taken within days if legislation is to be in place before the next rate fixing round in the spring. Possible solutions will be discussed tomorrow at a joint meeting of the Tory backbench finance and environment committees.

Mr Michael Jopling, the Con*servative Chief Whip, has firmly* argued that the referendum proposals cannot be passed through the Commons in view of the opposition of over 30 backbenchers. They show no signs of backing down since not only do they believe that the Governmen is in retreat but they also generally claim to have the support of their local constituency associations and their frequently Tory-dominated local councils.

The critics do not seem to have been impressed so far by suggestions that the measure will only be temporary—and might even be renewable *annually—until a replacement* to the rating system can be enacted.

Mr Heseltine has all along favoured local accountability rather than central direction. In his view the main alternative to referendums would be to require the fresh election of local councils seeking to raise rates above a *limit specified by Whitehall.* The argument is that this would act as a major deterrent since few councils—even the Labour-controlled ones in London—would want to risk elections over rate increases in the current political climate.

Conservative party managers *appear to be critical of this* idea, partly because of the difficulty of restricting an election campaign to single issues and partly because of the fear that the Social Democrat/Liberal Alliance would win such an election. This concern also applies to proposals that one-third of each council should be re-elected each year.

Mr Heseltine has not given up on the elections option, especially in view of the political and legal difficulties involved in any centrally imposed restrictions on rate increases. Some party managers nevertheless favour this approach, *although there is the* danger that the Government might be blamed for orders authorising supplementary rate increases.

A possible refinement is the *proposal that councils should* not be allowed to raise supplementary rates but should be permitted to borrow, with the loans repayable at the start of the following financial year.

Bank seeks more merger control

BY WILLIAM HALL

THE Bank of England is seeking legislation to strengthen its powers to control takeovers and mergers in the UK banking industry.

A gap in its present powers was revealed by the statement last week by Mr Peter Hammond, deputy chairman of the Hong Kong and Shanghai Bank, that the Bank's 1972 guidelines on banking mergers and participations do not apply to his bank's £500m contested bid for the Royal Bank of Scotland Group.

In spite of Bank of England opposition, the Hong Kong Bank is pressing ahead with its bid for the Royal Bank, the UK's fifth largest clearing bank group. The latter wants to merge with the Standard Chartered Bank. Both bids are being scrutinised by the Monopolies and Mergers Commission which is expected to deliver its report to the Government next month.

The Hong Kong Bank has been lobbying powerfully behind the scenes. It has won considerable support in the Foreign Office and Department of Trade which feels that it is wrong to stop the Hong Kong bank bidding for the Royal Bank of Scotland.

The Bank of England's power to control takeovers and mergers in the UK banking industry is enshrined in a rather loose set of guidelines published in 1972 following Britain's entry into the EEC. They state that banks will consult the Bank on all investments over 15 per cent, there must be amicable agreement between all concerned, and the *bidders will* "accept the Bank's ruling in each case."

The Hong Kong and Shanghai Bank has taken legal advice, and says the rules apply only to takeovers of accepting houses. The Bank of England dismisses this claim. It regards the Hong Kong bid as the first challenge to its customary authority to control takeovers in the UK financial system.

The Bank is understood to feel that if its informal ruling on the Royal Bank bid is successfully flouted by the Hong Kong Bank this will seriously weaken its ability to police future takeovers in the UK financial system.

As a result, legislation would be necessary if official control of structural developments in

Continued on Back Page

IMF to borrow from debtors

BY DAVID BUCHAN IN WASHINGTON

FACED with rising demands on its resources, the International Monetary Fund has decided to widen its potential borrowing base by permitting member-countries to lend it money even while they still have debts outstanding to it.

The move, taken by the IMF executive board last week, could postpone the day when the agency might go directly to the international capital markets to supplement its internal resources drawn from member-*countries' quotas and occasional* bilateral borrowings, such as those this year from Saudi Arabia and a number of industrialised countries.

In the past the IMF has generally been reluctant to seek loans from member-countries which owed it money, though it borrowed money from Britain earlier this year.

Britain, which at the end of September still owed the fund $429m (£240m) from a mid-1970s drawing on the IMF oil import financing facility, lent the IMF $172m as part of a general contribution from *industrialised countries, through* the Bank of International Settlements.

IMF officials said it would continue to borrow mostly from countries in strong balance-of-payments positions, but noted that the relaxation in the IMF borrowing guideline would give member-countries, particularly in the developing world, an important extra outlet for their investments, a kind of portfolio diversification.

The changed IMF guideline may also have political ramifications. Lenders to the IMF *might expect an increase in* their voting shares there—as Saudi Arabia received this year.

Construction union seeks to quit AUEW

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE CONSTRUCTION UNION intends to break away from the Amalgamated Union of Engineering Workers. If the other three unions in the amalgamation do not agree to the split, the union intends to take the matter to court.

A split would release the three manual unions in the amalgamation from their position of being unable to merge *fully with each other because of* the effective veto on merger exercised by the fourth, the *white-collar engineering union* AUEW-Tass.

The freeze on a full merger was won by Tass after the High Court upheld a judgment by the Certification Officer, the Government official who oversees union *affairs, that such a move would* discriminate against Tass.

Mr John Baldwin, general secretary of the AUEW construction union, has written to Sir John Boyd, general secretary of the dominant Engineering Section, to ask for a meeting of the four unions' executives. Mr Baldwin would tell the other three executives that the construction union intended to break away from the amalgamation.

That could be achieved, Mr Baldwin believes, by calling a national conference of delegates of all four unions, and passing a motion that the AUEW(C) be allowed to leave. He believes the motion could gain the required nine-tenths majority if Mr Terry Duffy, president of the engineering union and chairman of the national conference, voted for it, leaving only the Tass delegates voting against.

Other AUEW officials well versed in the union's complex rule book believe that Mr Baldwin would need a nine-tenths majority of the membership in a *postal ballot, a virtually im-*possible requirement.

Mr Baldwin has been mandated by his union's conference earlier this month to seek to break up the amalgamation in the courts if he cannot achieve *a nine-tenths majority.*

Tass is certain to be bitterly opposed to a move which could effectively expel it from a relationship with the other three unions which, though often difficult, is necessary to its continued strong presence in the engineering industry.

Mr Ken Gill, general secretary of Tass, said: "There is no legal way of anyone coming out of the amalgamation. Anyone taking this through the courts again will just be throwing their members' money away.

"We are still interested in making amalgamation work. Our demands are for natural justice; we don't mind what the others do as long as we have the right to make our voice heard."

Mr Baldwin said that once the AUEW(C) had managed to leave the amalgamation it would immediately seek to merge fully with the engineering union.

The AUEW foundry union, together with the independent Sheet Metal Workers' Union, which also applied to merge with the full AUEW but was blocked by TASS's objections, would find its way clear to merge.

Beyond that, Mr Baldwin said that he would push for more *mergers involving the Boiler-*makers' Union, which has been looking for a partner for some time, and the Electrical and Plumbing Trades Union, which has expressed interest in an AUEW merger.

Such a grouping would bring together nearly all the craft workers in engineering and construction, and would on present memberships be at least as large as the country's largest union, the 1.7m-strong Transport and General Workers' Union.

Crucial pay talks this week, Back Page

BL men vote to continue strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

AN OVERWHELMING vote yesterday by Longbridge workers to continue their strike over tea breaks dashed BL management's hopes of an early end to the damaging two-week dispute.

The 2,200 Longbridge employees voted at a mass meeting in Birmingham to stay out indefinitely.

"I have never seen a group of workers so united and so determined," said Mr Jack Adams, the Longbridge union convenor as he emerged from the two hour meeting. The men could "ill afford" a dispute but would not return unless a satisfactory deal could be negotiated.

BL insisted the vote would not change its position. The *only effective way of funding* the one-hour cut in the working week introduced this month was through a reduction in relaxation allowance. "There is absolutely no question of our moving from that position," the company said.

Sir Michael Edwardes, the BL chairman, is known to be concerned about the consequences of the latest stoppage upon the company's recovery programme.

Output of the Mini, Metro and Allegro models has been at a standstill for nearly two weeks. While current stocks are adequate, there are fears a continued stoppage could hit sales of the successful Metro in the New Year.

The chairman's options to break the deadlock are limited now that negotiations with the unions about Longbridge have failed to make significant progress at national, district and shop floor level. He might choose to appeal once more to the *good offices of the national* leaders of the engineering and transport workers unions or to the Advisory Conciliation and Arbitration Service.

Local union officials, while they acknowledge the gravity of the present stoppage, feel that the chairman has already exhausted any fund of good will with such appeals to influence the recent strike in protest at the 3.8 per cent pay offer.

BL, in the two letters so far sent to the homes of the strikers, has merely spelled out the issues and carefully avoided any threats. The warning letter from Sir Michael to workers about possible liquidation in the event of a strike over the pay deal was thought by many observers to have been counter-productive.

Longbridge stewards, however, believe it is only a question of time before the company writes to those on strike warning that unless they return to work they will be deemed to have dismissed themselves.

Longbridge leaders, whose advice so often in the past has been overturned by the shop floor, are reluctant to predict the consequences of *such a move. But they insist* that the present strike is solid. Mr Adams said only 30 of the 1,400-1,500 people at yesterday's meeting voted against a resolution for an indefinite strike.

"Our members have got families; they have got children. So near to Christmas they know the cost of a stoppage. They have had to consider seriously whether this dispute was worth supporting."

The pace of work of the men who walked out is dictated by the speed of the track. Mr Adams said they believed they are already pushed to the limit and cannot concede 11 minutes of the present 51 minutes a day relaxation allowance.

More than 5,000 Longbridge workers have been made idle by the dispute.

OVERSEAS NEWS

Spanish Right's show of strength draws 200,000

BY ROBERT GRAHAM IN MADRID

THE SPANISH extreme Right yesterday mounted its biggest demonstration of disaffection with democracy, when over 200,000 people gathered in central Madrid to commemorate the sixth anniversary of Franco's death.

Thousands waving the orange-and-gold Spanish flag chanted Franco, Franco, and reaffirmed their traditional values of God, Motherland and Unity, with hands raised in the Fascist salute.

The demonstration, organised by the Francoist Federation of Ex-combatants, has been held every year in the Plaza de Oriente, since the dictator's death. This was where Franco used to address crowds from the balcony of the Royal Palace.

This year, the organisers were determined to give the demonstration a special significance. It was the first show of strength by the extreme Right since the abortive coup in February, and the organisers were determined to prove they had not been cowed by the wave of anti-coup sentiment.

The crowd consisted mostly of the old or very young, many of whom were in paramilitary uniform of Fascist blue shirt, red beret and combat boots. This uniform is technically illegal, as is the use of the national flag for political purposes.

But the police turned a blind eye, as they did after the demonstration to the way in which the whole of Madrid's centre was taken over by Fascists hooting the horns of their cars, and waving flags.

The basic tone of the main speeches was nostalgic. But the main speaker Sr Blas Pinar, leader of the neo-Fascist party,


Sr Adolfo Suarez
Keeping a low profile

Fuerza Nueva, introduced a new element by insisting that his supporters use the ballot box to show their rejection of the present political system.

On Saturday Sr Leopoldo Calvo-Sotelo the Prime Minister was elected to take over leadership of the ruling Union de Centro Democratico (UCD).

This completes the eclipse of Sr Adolfo Suarez, the former Premier who last weekend left the UCD Executive after his nominee for the leadership was forced to resign.

The 44 abstentions in the vote mainly came from Sr Suarez' supporters, but Sr Suarez kept a low profile and has given no indication of when he will leave the party, as he said he would three days ago.

Front-line states seek Namibia changes

By Quentin Peel

AFRICAN front-line states involved in negotiations for a settlement in the disputed territory of Namibia have called for a number of changes in the Western compromise formula, which is designed to overcome South African objections to the plan.

Diplomats involved on all sides deny that any agreement in principle has been reached, but they are satisfied that no one has yet rejected the underlying strategy. This is to establish a set of agreed constitutional principles, with the backing of all the parties involved, before any elections are held in the territory.

Reports in Zambia, in the state-owned Zambia Daily Mail, and by Reuter, outline the African states' proposed modifications to the principles put forward by the Western contact group on its latest mission through Africa.

The most important changes are: that they would not provide any special mechanism—such as proportional representation of all minority groups, as the Western suggestions did; and that a division of constitutional authority into the three arms of executive, legislature and judiciary would be recommended, rather than prescribed.

The African proposals also stress the need for prior commitment to the banning of all forms of racial, or religious discrimination, both in the electoral process, and in a Bill of human rights.

No South African response has yet been given to the Western proposals.

Peace march halts Amsterdam

BY CHARLES BATCHELOR IN AMSTERDAM

THE autumn offensive of the European peace movement came to a climax in Amsterdam at the weekend with a protest march of more than 350,000 people.

The demonstration, the largest of a series held in European cities over the past six weeks, brought much of the Dutch capital to a standstill.

The march highlighted the deep divisions among Dutch politicians which have paralysed the past two governments over the nuclear arms issue.

The organisers refused to allow a representative of the Christian Democrats, the largest Government party, to speak at the rally because of its unwillingness to take a strong line against nuclear weapons.

A senior Labour politician was greeted with boos and jeers because the party has had to compromise over nuclear weapons to gain a place in the Government.

Some 400 Dutch and 12 West German soldiers attended the march in uniform, an action which could lead to disciplinary action if they are identified.

Peace groups from Britain, the U.S., West Germany, Italy, Belgium and a number of other European countries took part. Thousands of hired buses and extra trains brought the marchers from all over the Netherlands to Amsterdam's Museum Square, the city's largest open space. The American consulate was surrounded by 10-ft fencing for the occasion.

While many posters and placards were anti-American in tone — President Reagan featured prominently in many cartoons—several groups carried appeals for the Soviet Union to remove its SS-20 missiles.

So many people turned up at the Netherlands' largest post-war demonstration—both police and organisers agreed on a figure of 350,000-400,000—that a second march was organised to reduce pressure on the main city-centre route.

This was still inadequate and many marchers set out on their own through Amsterdam, bringing all trams and buses to a stop.

Given Amsterdam's reputation for anarchy 1,000 policemen were on the streets in case of trouble, but the march passed off without incident.

Speaking at a Christian Democratic Party meting in Breda on Saturday, Mr Dries can Agt, the Dutch Premier, said his new Centre-Left Government would do all in its power to help end the menace of "these terrible weapons."

Mr Van Agt and his party were not invited to take part in the Amsterdam demonstration, but were anxious to show that they, too, were opposed to nuclear weapons.


Mr Dries van Agt

Kuwait loan for Costa Rica

SAN JOSE—Costa Rica has obtained a $20m (£10.5m) loan from Kuwait, according to reports in the central American country's capital at the weekend.

Kuwait is said to have granted the renewable credit, repayable over five years at 9 per cent annual interest, to help Costa Rica with balance of payments difficulties. San Jose has a payments deficit of $275m and foreign debts of $2.7bn.

The loan is the first announced result of a recent tour of Arab oil nations by Costa Rica's foreign minister, Sr Bern Niehaus, and the Energy and Mines Minister, Sr Fernando Altman.

Sr Altman was due to travel to Vienna yesterday to solicit more aid from members of the Organisation of Petroleum Exporting Countries, who are due to meet there this week.

AP

'Modest French recovery' claim backed by consumption figures

BY DAVID HOUSEGO IN PARIS

CONFIRMATION of French Government claims that a modest recovery of the economy is underway has come with the publication of official figures showing a 4.3 per cent rise in household consumption of industrial products in October over the previous month.

Household spending has been slowly rising since the spring but slowed down in August and September. The new increase reflects a combination of higher disposable incomes as a result of wage rises in the pre-election period and the increase in social allowances and the minimum wage that the Socialist Administration introduced in June.

But the boost in economic activity is also being reflected in a continuingly high trade deficit. France recorded a trade deficit of FFr 6.3bn on an adjusted basis in October as compared with FFr 7.6bn in September.

Imports were up 18.3 per cent compared with October 1980 and exports up 16.9 per cent over the same period. Reflecting the Government's concern at the loss of competitivity of French industry in recent years as compared with its main trading rivals. France recorded a deficit of FFr 5.7bn in its trade with other industrialised countries during October. The deficit was sharpest with the U.S., West Germany, Holland and Japan.

The Government is anxious that increases in consumer spending, which—coupled with exports—are the main impetus behind the fragile growth of the economy, should be reflected in higher levels of investment.

In the final day's debate on the 1982 budget on Friday, the National Assembly passed a controversial clause that denies tax relief against investment to companies reducing their workforce. The budget Bill, passed by 332 votes against 153, now goes to the Senate. It provides a reflationary boost to the economy equivalent to 1 per cent of gross national product.

170 banks on Fed's offshore list

By David Lascelles in New Y[ork]

THE U.S. plan to per[mit] offshore banking on Am[eri]can soil starting on Dec[em]ber 3 has attracted ne[arly] 170 banks, many of th[em] foreign, the Federal Rese[rve] Board announced at [the] weekend.

By Friday's deadline, [170] banks had notified the [Fed] that they planned to set [up] so-called international ba[nk]ing facilities, which are [the] vehicles through which [the] Fed will allow banks in [the] U.S. to deal in offsh[ore] markets like the Euromar[kets]. The figure is preliminary [and] could be revised, the [Fed] said.

Nearly 100 banks [are] expected are in New Y[ork] but Chicago, California [and] the South-east are [also] strongly represented. [...] large multinational ba[nks] from the U.S. and abroad [will] be participating.

The Fed decided last y[ear] to allow offshore banking [to] enable U.S. banks to c[om]pete better in offshore m[ar]kets, and to bring part [of] those markets closer to ho[me]. IBFs will be allowed [to] operate free from many of [the] Fed's regulations. Their e[arn]ings will also be exempt f[rom] tax in the states where t[hey] operate.

Allen 'accepted watches for wife'

By Reginald Dale in Washington

THE CONTROVERSY surrounding Mr Richard Allen, President Reagan's National Security Adviser, heightened at the weekend with the revelation that he had accepted a gift of two lady's watches in addition to an envelope containing cash in return for arranging a Japanese magazine interview with Mrs Nancy Reagan last January.

A further twist was added by reports that the renewed Justice Department investigation of Mr Allen was focusing on evidence that the sum in the envelope, left abandoned in an office safe for eight months, was in fact $10,000 (£5,226) and not the $1,000 originally thought.

But a spokesman for Shufu No Tomo (Housewife's Companion), the Japanese magazine, yesterday repeated that the amount of the "thank you" was $1,000.

Mr Allen acknowledged at the weekend that he had received the watches, one gold and one silver, both valued at around $170, but denied there had been any impropriety.


Mr Richard Allen: denial of impropriety

He said he accepted them "as a personal gift for my wife from a friend of many years standing, as was the case with other gifts exchanged between our families over a period of some 15 years."

It was not clear whether Mr Allen accepted the second watch after he had formally become a member of the Reagan Administration on January 20, rendering him liable to disclose gifts of that value.

Mr Edwin Messe, the White House Counsellor, said yesterday there were no plans "at the present time" for Mr Allen to leave the White House.

Army puts pressure on Sattar

By Kevin Rafferty in Dacca

ONLY DAYS after his landslide election as President of Bangladesh, Justice Abdus Sattar faces renewed pressure from the country's army.

Lt-Gen H. M. Ershad, Army Chief of Staff, repeated over the week-end his demands that the army should be given a say in the running of Bangladesh.

"The army must be kept happy and have a say," in the making of policy, he declared. He did not want to see "a situation in which a President is assassinated," he added.

Soon after being elected President Justice Sattar said of the army: "Their duty is to defend the sovereignty of the country. I don't think any other role is possible in a democratic country."

Gen Ershad responded: "It is true that the army's main role is to maintain the country's independence, but it has its own internal problems. It must be heard.

"The army can also play other roles. Its point of view should be heard, its suggestions considered, and its presence recognised before formulating policies and programmes."

Haig, the double spea[k] champion

BOSTON—The most inc[om]prehensible man in Washi[ng]ton is the Secretary of St[ate] Mr Alexander Haig, acc[ord]ing to American teachers, [and] they have given him a pr[ize] for it.

For "atrocities to [the] English language," the 70,0[00]-strong National Council [of] Teachers of English [has] awarded Mr Haig its 19[81] "doublespeak" award.

The U.S. Army alm[ost] snatched the prize for turni[ng] a jeep into a "high mobil[ity] multi-purpose wheel[ed] vehicle" and the Enviro[n]mental Protection Agen[cy] was a strong contender wi[th] phrases like "degree of mi[ti]gation of risk."

But Mr Haig was assur[ed] of his triumph by su[ch] treasures as "caveat r[esponse]" and "saddle m[y]self with a statistical fence."

For sheer obfuscatio[n], tautology and unintelli[gi]bility, the doublespeak com[mittee] found the Secretary [of] State to be without rival.

"I would call it langua[ge] very carefully used," the he[ad] of the committee, Profess[or] William Lutz of Rutgers Un[i]versity, New Jersey, said. "[It] appears to answer, but up[on] being examined carefull[y] does not."

Mr Haig has made no com[ment], lucid or otherwise, o[n] the honour. But he is in goo[d] company. Last year's winn[er] was his chief, Mr Ronal[d] Reagan.

Reuter

China warns U.S. over Taiwan

BY TONY WALKER IN PEKING

A SENIOR Chinese official hinted strongly at the week-end that sales of advanced American weapons to Taiwan would harm booming Sino-U.S. trade relations.

The official, who asked not to be named, but who has direct responsibility for Sino-U.S. trade, had been asked whether U.S. businessmen had reason to be concerned about possible trade retaliation.

In an interview with Australian journalists in Peking's Great Hall, the official said: "My answer is that China will react." He did not elaborate, but added: "I think this position of ours had been made very clear to the U.S. through our diplomatic missions."

The official also referred to recent discussions between China's Premier Zhao Ziyang and President Ronald Reagan at Cancun, Mexico, describing those talks as "very candid on this question (of arms sales)."

"We have always been opposed to the supply of arms to Taiwan by the U.S., especially the supply of advanced weapons," the official went on.

"Premier Zhao Ziyang had made it very clear that should the U.S. continue to supply arms to Taiwan despite the strong opposition from the Chinese people, it will be inevitable that the Chinese Government will react strongly."

The Chinese Government had reacted strongly to the move taken by the Dutch Government, when, earlier this year, the Dutch gave approval for the sale of sophisticated conventional submarines to Taiwan. Then, China asked the Dutch Ambassador to leave Peking, and downgraded its own mission in The Hague.

Royal Dutch Shell, which was opening an office in the Chinese capital at the time, was quietly told permission was being withdrawn.

Dozens of U.S. companies have representatives in China, and trade is climbing sharply. It is expected to reach some $6bn (£3bn) this year against $4.8bn last year.

Two-way trade is expected to reach $10bn by 1984, barring interruptions

American businessmen have expressed concern over possible trade retaliation should sales of advanced fighter aircraft to Taiwan go ahead.

Sadat accused dominate trial

BY ANTHONY McDERMOTT IN CAIRO

COMPARED with the severity of the official accusation—that of killing President Anwar Sadat on October 6—the proceedings at the trial of those accused of the crime which opened on Saturday, were mostly relaxed.

The indictment was read and it called for the death penalty by hanging for all the defendants. All were present, except one who is still recovering from gunshot wounds suffered during the attack last month.

One by one Major-General Samir Fadel, in charge of the court, asked the names, ages, professions and addresses of each of the accused, some of whom refused lawyers.

The military aspect of the trial was all apparent, with stringent security checks. But the impression given by proceedings was dominated by the behaviour of the 23 who were confined to a cage inside a courtroom of the Higher Military Court in north Cairo not far from where Mr Sadat was killed.

This applied not just to Islamic chanting, which preceded the arrival of the General and his two supporting judges, but also to the way that the accused moved around within the area in which they were held.

Dominating them was the figure of Abboud Zumur, wearing the uniform of a Lieutenant-colonel. Within the section of the cage in which he moved, his authority was unmistakable, even among people who probably had not seen each other for a month or so.

In the end—and this must cast doubt on whether the Government has caught the masterminds behind the assassination—the court decided to defer proceedings until November 30 while lawyers are allocated [to] those who refused them earli[er] and while allegations of tortu[re] are looked into.

Reuter adds from Cair[o]: Egyptian Foreign Ministry of[fi]cials said yesterday that Britai[n], France, Italy and the Nethe[r]lands had told Egypt today th[ey] had agreed to participate in th[e] proposad Sinai peacekeepin[g] force.

The officials said the amba[s]sadors of the four countri[es] handed over messages to th[at] effect from their Governmen[ts] during a meeting with th[e] Egyptian Minister of State f[or] Foreign Affairs, Mr Boutr[os] Ghali.

Saudi Arabia formally submitted its plan for a permanent Middle East peace settlement to the Arab League yesterday, Agencies report from Fez, Morocco.

Prince Saud al-Faisal, Saudi Foreign Minister, presented the eight-point proposal to a meeting of Arab Foreign Ministers preparing for an Arab summit meeting due to open in Fez on Wednesday.

Libya immediately registered its opposition to the Saudi plans which has also been rejected by Israel.

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WORLD TRADE NEWS

.S. plans fresh itiative on uclear finance

AUL CHEESERIGHT, WORLD TRADE EDITOR

U.S. Government is considering a new e to change the inter- conditions under xport credits are granted nce the purchase of power plants.

ury officials are consult- ith other government s to define a position. noves are a response to ception that the French nent particularly and C in general is ready to e substantial changes in whole export credits

existing agreement on power plant sales is out- ie international agree- i guidelines for officially ed export credits. Its rovision is that credits not be extended for than 15 years.

U.S. is moving towards tions for an agreement would bring interest within its scope. It is re likely that, consistent s general policy, it will have interest rates set r as possible to market

first hint of the direction h the U.S. Government is came when Mr John a senior U.S. Treasury said after a congressional hearing that France had *proposed negotiations* for a special agreement.

U.S. officials broached the possibility of a nuclear power plants agreement when negotiations were successfully concluded earlier this year on aircraft financing.

At that stage, French officials evidently said they were prepared to talk, indicating a more relaxed attitude towards change in the export credits *area than* had been apparent during President Giscard's administration. But the matter has not been taken further.

The EEC *in 1980 suggested* that credits for nuclear power plants should not be extended *for periods of over 10 years,* but the issue has not been discussed in the last three rounds of general negotiations on export credits, the last of which resulted in a general rise in interest rates to 10.00-11.25 per cent.

Mr Lange said that France had been offering nuclear power *plant* finance at 7.6 per cent. Although in fiscal 1980 the Export-Import Bank of the U.S. was offering such finance at around 8.0 per cent, it has re*cently raised its lending rate to* 12 per cent.

K heavy plant makers ek Japanese link

ALAN PIKE

BILITIES for developing *ration between* British Japanese companies on engineering projects in World countries will be sed in Tokyo this week.

nission of British industs sponsored by the eering Employers' Federa- and the Process Plant iation will spend four days iscussions with Japanese anies, and visiting plants.

delegation will in the consist of companies in eavy *plant sphere, but will* nclude some from a wider eering background.

Astley Whittall, chairman EEF's commercial and ic committee, who will lead the delegation, said at the *week-end that the talks on* Anglo-Japanese co-operation would be based upon a comprehensive list of major projects known to be coming up in a wide range of countries.

"We are certainly not going to Japan to discuss quotas and tariffs in particular sectors. We regard protection as very much *a last restort*," he said.

The British mechanical engineering industry had a surplus of £310m with the industrialised world as a whole and an overall *surplus of £3.1bn.* "Yet within these totals is concealed a deficit of £70m with Japan. We are determined to leave no avenue unexplored in narrowing this *deficit,*" *Mr Whitall said.*

Maputo calls in Fluor for gas project

By Quentin Peel, Africa Editor

THE MOZAMBIQUE Government has awarded a contract to the British-based subsidiary of the Fluor Corpora*tion of California to investi*gate the development of a fertiliser industry based on known reserves of natural gas.

The contract has been awarded by the Marxist Government in Maputo in spite of Fluor's deep involvement in the strategic Sasol oil-from-coal project in neighbouring South Africa, where it is the managing contractor in a £2bn expansion programme.

The two-phase study, to be completed by mid-1982, is to determine the feasibility of constructing a plant to manufacture ammonia urea *fertiliser* from gas in the Pande gas field of Mozambique's central Inhambane province.

It will attempt to assess the local and export markets, and transport implications, *as well* as the production problems.

Exploitation of Mozambique's natural gas reserves—currently estimated at between one and two trillion cubic feet in the field which lies south of the Save river —is a key element in the country's ambitious 10-year development plan.

However, the figures are based on data from the late 1960s and the Government has recently awarded contracts for new seismic surveys offshore, to Geco of Norway, *and* the U.S.-based Western Geophysical, in order to obtain more up-to-date information.

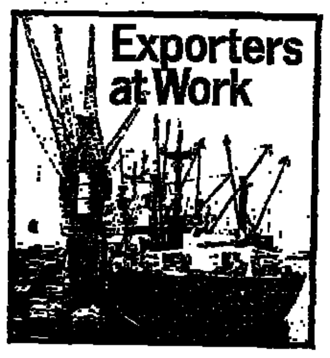
Development of a fertiliser *industry* in Mozambique would also be important for the black states of southern Africa, involved in the Southern Africa Development Co-ordination Conference, which are aiming to reduce their economic dependence on South Africa.

Although the contract is *relatively* modest, worth some £2m, it represents a significant breakthrough for Fluor into the black states, given its previous heavy *involvement* in South Africa.

The study is being financed with loans from Morgan Totta, guaranteed by the British Export Credits *Guarantee* Department.

Kearns-Richards steps up its marketing

BY NICK GARNETT, NORTHERN CORRESPONDENT



KEARNS-RICHARDS, the Manchester tool manufacturer, has seen its exports jump from less *than a third of sales to almost* three quarters in the past six months.

Part of the surge has been caused by the UK recession. But *much of it is the product of a* more aggressive export drive, linked with a new approach to marketing abroad.

It has just won its biggest-ever *export order—10* machines worth £4.5m from CMI, the Oklahoma-based oil industry component maker. It is hoping for an even bigger sale to a foreign customer *within the next* few days.

This export effort has helped Kearns-Richards, part of Staveley Industries, to accelerate away from a very poor start to the year.

Three recent changes in *marketing and products* have made the difference:

● a new agent in the U.S. whose own operation is more closely geared than its predecessor's to the British company's needs;

● the presence in the U.S. of two technical sales engineers from the UK, followed by placing one technical sales engineer in South Africa and another in Singapore;

● a new model range for the biggest equipment of very *advanced specification.*

The new U.S. agent is Calton Machine Tools of Cincinatti. Kearns-Richards says the advantages Calton has over its predecessor are twofold.

First, it has a wider distribution network within the U.S. Second, because it once made similar machines to those of Kearns-Richards and still makes equipment related to them, Calton's sub-agents have a better *feel for* the British company's products.

Many agents for UK companies have only a superficial knowledge of the equipment they are selling, says Mr Brian Bottomley, Kearns-Richards *managing director.*

The major change in marketing has been the sending out of two technical sales engineers to the U.S. on permanent post*ing towards the end of last year.*

The company took a conscious decision to send engineers to the U.S., believing that a full technical-selling job was *needed to attract customers.* The two men—one working out of Chicago, the other in Dallas, are there to explain the technical details of the *machinery* to customers once Calton's sub-agents have done the door knocking.

The extra effort in the U.S. has also been pushed along by *a $65,000 advertising campaign,* mainly in the trade press.

Along with this has gone the development of new horizontal borers and machining centres fitted with full computer-numerically-controlled facing and boring heads.

Kearns-Richard says such a facing head is not produced by *any U.S. manufacturer operat*ing in the U.S. Only a few European manufacturers—Marcel Pegard in Belgium and Scharmann in West Germany among *them—offer something* similar.

This has been a crucial feature in sales expansion in the U.S., especially in winning orders for oil related industries, where Kearns-Richards makes 85 per cent of its sales.

"*You've got to keep up with* new design and developments and this has to be *supported by* a very aggressive selling effort," says Mr Bottomley. "You must have both."

The company has 44 agents *around the world.* The sales director spends half his time in the U.S. and other technical salesmen are in Canada and India for much of the year. The company spends about *£100,000* yearly in air fares, almost solely in an effort to win export orders.

Apart from this, the company carries out time testing on pieces of work for potential customers. Once it complied with a client's request for having that testing video-filmed.

Use of published information and the company's own research identify the markets Kearns-Richards wants to attack. It shows its products at the International Machine Tool Exhibition held in Chicago every two years and the Exhibi*tion at the NEC in Birmingham* held every four years.

SHIPPING REPORT

Dry-cargo rates fall

BY OUR SHIPPING CORRESPONDENT

THE INCREASING pessimism of economic forecasts for major world trading countries bodes ill for the bulk carrier *freight market, which already* faces a surplus of tonnage, a leading firm of shipbrokers says.

Galbraith Wrightson reported that dry cargo rates, which showed some recovery last month, were now fast declining and showed every sign of a complete collapse before Christmas.

Nor did it see much chance of reviving demand in the New Year, to absorb surplus bulk and combination carriers. Last week, grain rates across the *Atlantic to Europe fell to $10.25* a ton from $12 for 72,000 d.w. ton vessels.

The current large bulk carrier fleet—over 50,000 dwt—number 777 ships totalling 59m dwt, with deliveries next year *likely to amount to 155 ships* of 12.75m dwt, Galbraith added.

As well as grain rates, those for iron ore have been on the slide. Atlantic coal rates have *also weakened, with owners* willing to discount the levels obtaining earlier this month by another dollar.

*The gloom-laden tanker mar*ket showed no improvement last week, with E. A. Gibson stating that owners have found it almost impossible to find work *for large tankers from the Gulf.*

Schroder puts together cash for GEC deal

By Our World Trade Staff

J. HENRY SCHRODER WAGG, *the London bankers,* has arranged a C$82.5m (£36.6m) export credit largely to finance the export to TransAlta Utilities of Calgary, Alberta, of two GEC *steam turbine generators.*

The financing is unusual in *two respects. The funds are* coming from the Royal Trust Corporation of Canada and not a bank, which is usually the case with UK-backed export credits.

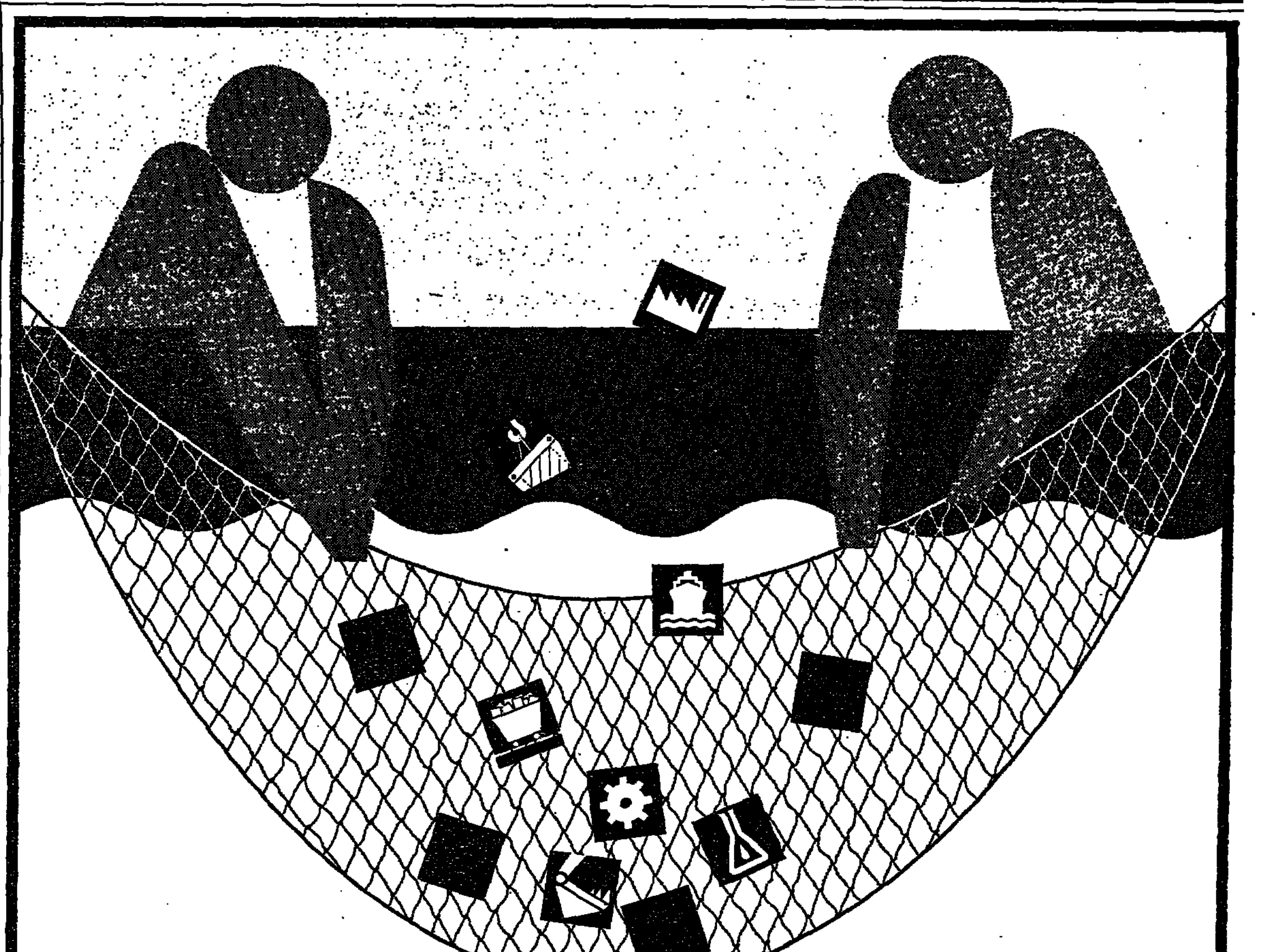
This also marks the first time the Export Credits Guarantee Department has backed a credit denominated in Canadian dollars. Applications for such cover have been sparse in the past.

World Economic Indicators

TRADE STATISTICS

		Sept. '81	Aug. '81	July '81	Sept. '80
W. Germany DMbn	Exports	34.41	28.14	36.26	29.44
	Imports	30.92	28.20	32.59	27.81
	Balance	+3.49	−0.06	+3.67	+1.63
U.S. $bn	Exports	19.6	19.05	19.26	18.83
	Imports	22.2	23.53	19.81	19.94
	Balance	−2.6	−4.48	−0.55	−1.11
Italy Lirebn	Exports	8,406	6,337	7,867	5,308
	Imports	10,560	7,381	8,670	7,733
	Balance	−2,154	−1,044	−803	−2,425
UK £bn	Exports	4.459	*	*	3.873
	Imports	4.446	*	*	3.528
	Balance	+0.013	*	*	−0.345
Japan U.S.$bn	Exports	13.023	11.645	13.359	11.335
	Imports	9.767	9.901	11.003	9.535
	Balance	+3.256	+1.744	+2.356	+1.800
		Aug. '81	July '81	June '81	Aug. '80
France FFrbn	Exports	53.237	48.258	47.970	40.752
	Imports	53.397	54.373	53.900	44.770
	Balance	−0.160	−6.115	−5.930	−4.018
		July '81	June '81	May '81	July '80
Netherlands Flbn	Exports	14.041	14.858	13.457	11.128
	Imports	14.037	15.551	13.629	11.715
	Balance	−0.004	−0.693	−0.172	−0.587

* Not available due to Civil Service dispute.



UK NEWS

Working party will study Grylls plan on borrowing costs

BY WILLIAM HALL, BANKING CORRESPONDENT

THE GOVERNMENT has established an inter-departmental working party to study the feasibility of plans to boost substantially investment in British industry by halving the interest costs of new capital investment.

The decision to set up a working party follows a meeting last Thursday between Sir Geoffrey Howe, the Chancellor of the Exchequer, and a study group headed by Mr Michael Grylls, chairman of the Conservative Industry Committee, and Sir John King, an industrialist.

Mr Grylls' study group completed a report, last month, on the terms and conditions of bank lending in Britain and its relationship to industry in general. The main conclusion of the report was that the high cost of bank borrowing was curtailing industrial investment.

The group proposed that the cost of industrial borrowing could be cut sharply if borrowers payed interest on loans for specific projects net of corporation tax at the point of interest payment. Interest paid would not be allowable for subsequent corporation tax purposes, as is now the case.

Such a scheme would effectively halve the immediate interest cost to industry and significantly boost cash flow. The group argues that an outlay of £300m by the authorities in support of the scheme could lead to £3bn of new investment and thousands of new jobs.

Government launches quality campaign

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A GOVERNMENT campaign to improve the quality and competitiveness of British-made goods will be launched tomorrow when Sir Geoffrey Howe, Chancellor of the Exchequer, hosts a conference of more than 160 industrialists and union officials.

The audience, invited personally by Sir Geoffrey, will hear brief speeches by leaders of both sides. They will also be told how quality has been improved in three companies—J. C. Bamford Excavators, Clarks, and Baker Perkins.

As well as Sir Geoffrey, five Cabinet Ministers will attend—Mr Norman Tebbit Employment Secretary, Mr John Biffin Trade Secretary, Mr Michael Heseltine Environment Secretary, Mr Patrick Jenkin Industry Secretary, and Mr Nigel Lawson Energy Secretary.

The three-hour conference is intended to make industry aware of the contribution of quality to UK industry competitiveness. It was organised after a discussion in the National Economic Development Council a year ago which stressed the importance of quality improvements.

Recovery in profitability forecast for industry

FINANCIAL TIMES REPORTER

THE STAGE is set for a major recovery in the profitability of Britishr industry, according to Mr Roy Batchelor, an economist at the City University.

Writing in the latest issue of The Director, Mr Batchelor says the brighter outlook does not represent a success for Government policies but is a result of the way the recession has hit prices and wage costs at different points.

He points out that this year prices rose less rapidly than wages and profit margins were squeezed. In 1982 "all the pressures are likely to go the other way.

Mr Batchelor says the rising profit trend will bring problems as well as opportunities. The obverse of the corporate sector's revival is a squeeze on disposable personal incomes which can be expected to continue to fall during next year.

The personal sector savings ratio has dropped to its lowest level for eight years.

Pioneer developers turn the tide at Surrey Docks

Andrew Taylor and Colin Amery consider the commercial and architectural merits of one of Europe's largest private developments which is due to start next year.

PLANS TO build a shop, office, industrial and hotel complex in the former Surrey Docks area represents a brave attempt to revitalise a part of London which has been depressed since the docks closed more than 10 years ago.

The plans involve about 500,000 sq ft each of shop, office and industrial floor space as well as a hotel, exhibition and conference centre, 350 homes and a sports centre. It is expected to take about six years to finish, at a cost of £200m.

Any project of this size involves a great commercial risk. The developers—Phoenix Assurance, Lazard Property Unit Trust and Costain and Sefri, of France—will be breaking new ground by putting up a complex in a 120-acre area of London which has not previously attracted major office and industrial users.

The key to commercial success or failure may rest on the quality of transport facilities. In the past, many developers have been deterred from pursuing schemes in this area because of what they regarded as poor road and rail links.

Lysander Estates—the international development consortium chosen by the Greater London Council and Southwark Borough Council to redevelop the site—is seeking detailed planning permission for the development, christened Mariners' Wharf.

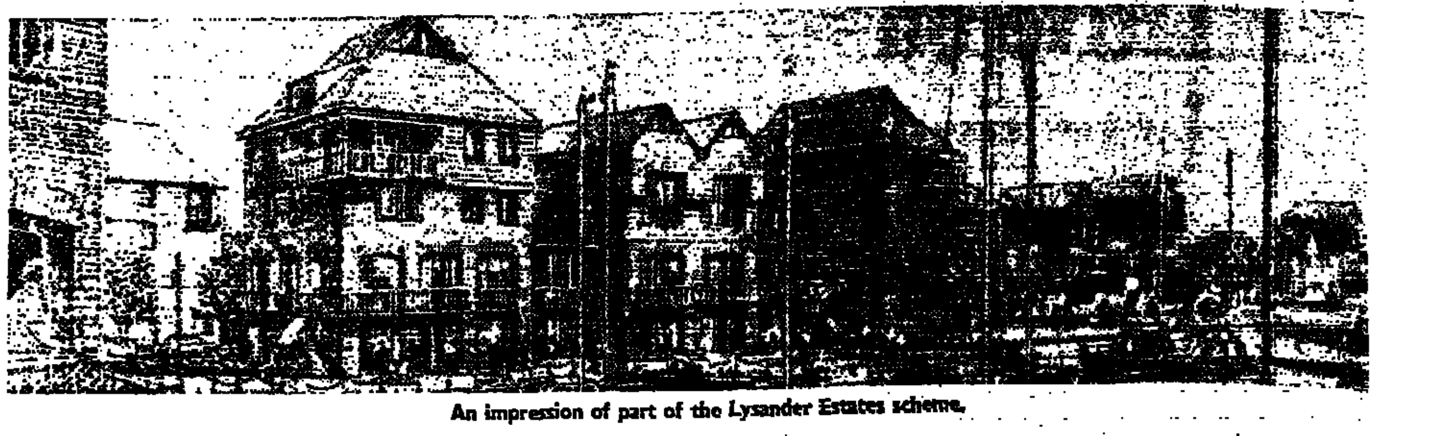
Lysander Estates recognises the problems in being first to develop a significant scheme in this part of London. But it believes a project of this scale, treated sensitively, will create its own identity and environment and attract the office and industral tenants it needs.

Road improvements planned by the Greater London Council in Lower Road and Evelyn Street will help improve access to the site.

Lysander is also hoping to persuade London Transport to upgrade the underground railway route which links the proposed development with the City through Surrey Dock and Rotherhithe stations.

The most successful element of the scheme, initially anyway, may prove to be the covered shopping complex which will be the centrepiece of the development. Lysander says this will be able to draw customers from a catchment area of 273,000 people who live within a 10-minute car drive from the complex and 1.6m people within a 20-minute car drive.

Building work is due to start next year. The development will be finished in stages, with the shopping complex, the sports centre, 100,000 sq ft of industrial space and about 100 homes expected to be completed in the first phase.



An impression of part of the Lysander Estates scheme.

Mixed design ideas for a versatile site

BUILDING on 120 acres of virgin land ten minutes from the Tower is an almost unparalled architectural opportunity. In scale the Surrey Docks proposals are not so far removed from Sir Christopher Wren's plan to rebuild the City of London after the Great Fire in 1666.

The winning architects in an international architect/developers' competition are the London firm Richard Seifert and Partners.

Since the early 1950s Seifert has made its mark on London, topping its activities with the completion of the NatWest Tower earlier this year. Col Richard Seifert justly claims to have built more buildings in the capital than rival architects.

The first striking thing about the proposals is their size.

On a site with a three-mile perimeter and a narrow frontage to the river the architects have taken as their main axis a diagonal line across the whole site.

Along this are the houses, starting at the river end with a line of houses leading to a small yacht basin, a narrower stretch of water and a large lake formed from the reopening of Albion Water.

This is the centre of the scheme, with a 500,000-sq-ft shopping centre, on a butterfly plan, terraced down to the water's edge.

Because this is a largely vacant site in a part of London that has suffered for a long time from environmental deprivation the architects have rightly decided to try to create a new sense of identity.

The design of the centre is distinctive. The organisation is a cluster of pavilions around large areas of shared public space, under a facetted glass roof. Exterior walls are of reconstituted stone with red steel panels.

Car parking is always a problem at large shopping centres, tending to result in acres of empty tarmac. In this scheme the parking area is terraced and surrounded by artificial hills.

Landscaping plays an important part, with cars kept to the perimeter. It is planned to allow pedestrian access throughout the site on walks to the river.

The shopping centre will be the dominant architectural element but does not dictate the style for the whole site.

The area close to the river is occupied by 350 housing units built to a traditional design. Many will be faced with wooden weatherboarding, an echo perhaps of the timber trade that once made the Surrey Docks so prosperous.

All houses have pitched roofs, most have gardens and the *planned street layout follows the* U.S. Radburn system with traffic-free closes.

While the housing is the most obviously attractive part of the scheme the plans also include 550,000 sq feet of office space in six large buildings around a lake. This again follows the U.S. "campus" plan that has resulted in office parks in the suburbs of big American cities.

About 500,000 sq feet of industrial buildings look from the preliminary model to offer a fairly standard solution to the speculative industrial unit. They are clad in aluminium panels with an exposed steel structure and top glazing.

The layout of the industrial area lacks originality and could learn from some of the industrial estates in the new towns, particularly Milton Keynes.

Architecturally the solution adopted for the area are as mixed as its uses. The water and landscaping hold the scheme together.

Japanese face attack over vans

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE RISE in Japan's share of the market for light commercial vehicles in Britain will be the subject of some tough talking when the two motor industries begin talks in London tomorrow.

By the end of October the Japanese share of the purpose-built van market was 25 per cent, represented by 20,895 vehicles, when the British expected it to be less than 11 per cent.

The issue has caused considerable tension between the Japanese Automobile Manufacturers' Association and the UK Society of Motor Manufacturers and Traders since their first round of talks in Sapparo, Japan, in July this year.

BL was so dissatisfied with that outcome that it said the UK Government should become more closely involved in negotiations.

BL's view is that the Japanese agreed last year that shipments of light commercial vehicles to Britain should be "closely equated" to those of cars.

The subject was given priority by Sir Keith Joseph, then Industry Secretary, in Japan in September. He said the Japanese motor industry must understand it would be discredited if the level of sales exceeded the voluntary agreement for the rest of the year.

The Japanese cut shipments of light commercials almost completely in recent months. But by the middle of the year 24,500 had been exported already which the UK industry reckons will give them about 15 per cent of the market if they are all sold.

Jama claimed at the weekend that this week's talks might be conclusive. The divergence of views on limiting shipments to Britain had narrowed "to between 2,000 and 3,000 vans."

Although van sales will take top priority this week, the British are not happy about the car market, either. By the end of October, the Japanese share of the market was 11.45 per cent, despite total sales being higher than forecast.

The British would expect the Japanese to end 1981 with a penetration of 10 to 11 per cent.

Lorry-lease offer for workless

TWENTY-SIX DRIVERS at the Eastern British Road Services depot at Corby Northants, are to lose their jobs before the end of the year following a decision by the British Steel Corporation to end a contract. They have been offered a chance to lease their lorries to st up their own business.

Banks criticise cut in brokerage commissions

By Ian Rodger

REDUCTIONS IN foreign exchange brokerage commissions set by the Bank of England have been welcomed by the big money brokers but criticised by the banks as inadequate.

The reductions, the first in two years, will come into effect in the London market on January 2, 1982.

The most important innovation will allow banks to negotiate discounts with any broker to whom it pays more than £10,000 a month in commissions. Previously, all rates were fixed.

Rates on spot transactions involving Japanese yen, Dutch guilders, French francs, Italian lira and some minor currencies have been reduced by 7 per cent to 12 per cent.

British Airways has plan to beat 'bucket shops'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is expected to announce soon an agreement with the Association of British Travel Agents whereby it will dispose of unsold tickets at cut rates through ABTA accredited agents in an attempt to beat the so-called "bucket shops."

The latter for some time have been able to acquire large quantities of unsold tickets from bulk purchasers who have been unable to sell them at official prices. The "bucket shops" have sold them at rates sharply reduced, often by up to 60 per cent or more.

This practice has resulted in a substantial loss of revenue to the airlines, and a loss of business by accredited travel agents.

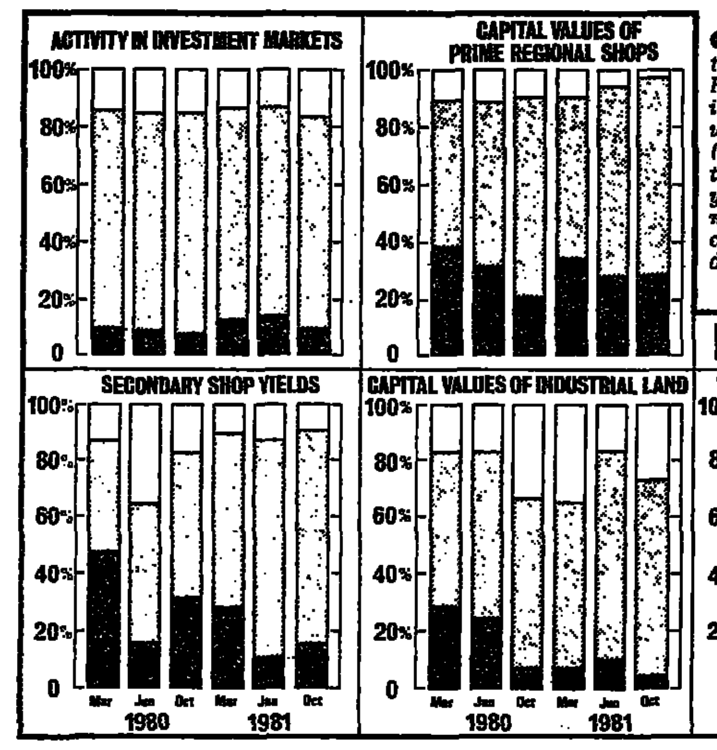
British Airways has been discussing the problem with ABTA. The airline says officially that no decision has yet been reached but an announcement of the plan is expected at this week's ABTA convention in Phoenix, Arizona.

Under the plan, British Airways intends to release a limited number of tickets for seats on a limited number of routes for sale at a substantially reduced rate through ABTA agents a short while before the departure of a given flight. The airline will tighten the rules governing the sale to bulk purchasers of tickets to prevent them slipping through the net.

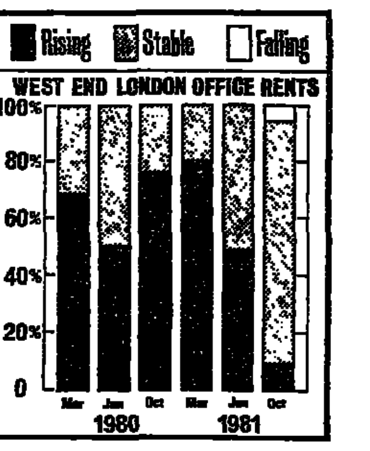
The move is designed to prevent dumping of unsold tickets on the UK market by foreign airlines. Yet it is fraught with difficulties.

British Airways must gauge carefully the precise moment at which to release tickets.

UK NEWS – THE FT/RICS PROPERTY INDICATORS



● *A poll by the Royal Institution of Chartered Surveyors. RICS member firms and investing institutions in all regions were asked if there was a rising (R), static (S) or falling (F) trend in rents, investment yields, capital values and investment activity for different classes of commercial and industrial property.*



AREAS Compared with three months ago		LON. CITY %	WEST END %	REST GLC %	SE (EX-LON). %	N %	NW %	EAST ANGLIA %	YORKS & HUMBER %	EAST MIDS. %	WEST MIDS. %	SW %	SCOT. %	WALES %	N. IRE. %	NATIONAL %
QUESTION 1 What is the trend in rents?																
(a) Offices	R	47	10	33	28	—	7	30	—	8	8	25	13	—	60	19
	S	47	85	67	66	70	86	50	88	75	58	75	80	91	40	71
	F	6	5	—	6	30	7	20	12	17	34	—	7	9	—	10
(b) Prime Regional Shops	R	20	8	12	22	10	27	40	24	25	17	33	14	45	60	24
	S	80	69	88	78	80	73	60	76	75	83	61	86	55	40	73
	F	—	23	—	—	10	—	—	—	—	—	6	—	—	—	3
(c) Secondary Shops	R	14	8	—	4	22	14	20	12	18	8	17	23	20	—	13
	S	86	84	75	80	56	79	70	76	73	84	72	69	70	80	75
	F	—	8	25	16	22	7	10	12	9	8	11	8	10	20	12
(d) Modern Factories	R	25	—	—	—	—	—	—	—	—	—	—	—	—	—	1
	S	50	71	100	87	64	81	92	68	69	57	95	62	70	50	77
	F	25	29	—	13	36	19	8	32	31	43	5	38	30	50	22
(e) Modern Warhouses	R	25	—	—	—	—	6	—	—	—	—	—	—	—	—	1
	S	50	67	100	87	58	71	92	68	71	57	95	79	64	80	77
	F	25	33	—	13	42	23	8	32	29	43	5	21	36	20	22
QUESTION 2 What it the trend of invest yields?																
(a) Offices	R	—	—	—	—	9	—	—	—	—	18	6	7	27	—	4
	S	100	95	100	96	91	93	100	100	100	82	88	86	73	75	93
	F	—	5	—	4	—	7	—	—	—	—	6	7	—	25	3
(b) Prime Regional Shops	R	—	—	—	—	—	—	—	—	10	17	—	7	—	25	3
	S	75	88	89	83	80	93	78	93	80	50	88	86	100	50	83
	F	25	12	11	17	20	7	22	7	10	33	12	7	—	25	14
(c) Secondary Shops	R	—	19	11	26	11	14	11	20	—	17	18	15	18	25	16
	S	87	62	78	65	78	64	67	73	100	83	82	77	82	25	74
	F	13	19	11	9	11	22	22	7	—	—	—	8	—	50	10
(d) Modern Factories	R	50	22	8	14	18	40	9	39	9	43	5	8	30	—	21
	S	50	78	92	79	73	53	91	56	82	57	84	84	70	—	73
	F	—	—	—	7	9	7	—	5	9	—	11	8	—	100	6
(e) Modern Warehouses	R	50	25	8	15	25	41	9	39	8	43	5	14	27	50	23
	S	50	75	92	78	67	47	91	56	84	57	84	86	73	—	71
	F	—	—	—	7	8	12	—	5	8	—	11	—	—	50	6
QUESTION 3 What is the trend of capital values?																
(a) Offices	R	41	13	33	25	—	7	30	—	8	9	25	14	—	—	17
	S	53	87	67	68	70	86	50	88	75	64	70	79	73	100	72
	F	6	—	—	7	30	7	20	12	17	27	5	7	27	—	11
(b) Prime Regional Shops	R	20	14	22	35	20	27	60	24	27	33	33	21	45	—	29
	S	80	79	78	65	70	73	40	76	13	67	61	79	55	100	69
	F	—	7	—	—	10	—	—	—	—	—	6	—	—	—	2
(c) Secondary Shops	R	14	8	—	9	23	7	30	—	9	—	11	25	20	—	11
	S	57	59	67	52	44	64	60	71	82	85	72	67	70	50	65
	F	29	33	33	39	33	29	10	29	9	15	17	8	10	50	24
(d) Modern Factories	R	20	—	—	—	—	—	—	—	—	—	5	—	—	—	1
	S	60	75	85	70	64	37	92	56	62	36	90	62	50	—	64
	F	20	25	15	30	36	63	8	44	38	64	5	38	50	100	35
(e) Modern Warehouses	R	20	—	—	—	—	—	—	—	—	—	5	—	—	—	1
	S	60	71	85	70	58	53	92	58	64	36	90	69	55	—	65
	F	20	29	15	30	42	47	8	42	36	64	5	31	45	100	34
(f) Industrial land	R	40	14	—	3	—	—	—	5	—	—	5	8	—	—	4
	S	20	43	77	69	67	71	100	53	77	54	95	58	82	67	70
	F	40	43	23	28	33	29	—	42	23	46	—	34	18	33	26
QUESTION 4																
Activity in Investments Mkts	R	14	7	10	4	10	20	11	7	9	17	6	16	29	—	10
	S	79	72	80	67	70	67	89	86	73	66	83	68	42	50	73
	F	7	21	10	29	20	13	—	7	18	17	11	16	29	50	17

Some signs of strain

THE COMMERCIAL property market continues to show its resilience despite the renewed pressure on company finances from high interest rates.

The 17th Business Indicators Poll, conducted jointly by the Royal Institution of Chartered Surveyors and the Financial Times, shows that tenant demand is still holding up well for top quality properties. Even secondary properties have not seen quite the pressure on rents that might have been expected given the depth of the recession in the national economy.

Nevertheless there are some signs of strain as the table opposite shows. Compared with previous polls—the last was conducted in June this year—there is a slightly higher proportion of respondents reporting falls in both rents and capital values. However, the bulk of estate agents, chartered surveyors and property investors say that property values in the main continue to remain static.

The underlying picture is of a subdued but still relatively healthy property market which is not expecting to experience any significant deterioration in market conditions in the coming months. There is still good demand for top quality premises and a reasonable level of lettings has been maintained although deals may be taking longer to conclude as prospective tenants shop around for the best terms available.

New investment in prime property remains at a surprisingly high level despite the present pressures on rents and capital values. This reflects the continued strong demand for property investments from the major institutions.

Almost three-quarters of respondents to this Autum's survey said that there had been no change in the level of investment activitity. However the proportion of respondents reporting lower levels of investment activity increased slightly from 13 per cent to 17 per cent.

Declining

The greatest strain is being felt in the industrial property market where 22 per cent of respondents said that rents for modern factories and warehouses were falling. In June, 17 per cent of respondents had said that factory rents were declining while 15 per cent said that warehouse rents had fallen.

One of the worst affected regions is the West Midlands where 43 per cent of respondents said that factory and warehouse rents were falling. There also appears to have been a marked deterioration in the office market where 34 per cent of respondents (nil last time) said that prime office rents in the West Midlands were now falling.

The latest figures confirm the strong regional variations in rental performance shown in previous surveys, with the South East generally performing better than elsewhere in the country. For example, *10* per cent of respondents, nationally, reported falls in office rents; around the regions the proportion reporting rental falls ranged from nil in parts of London to 30 per cent in the North and 34 per cent in the West Midlands.

Capital values of prime offices have continued to display resilience reflecting the strength of the investment market. Only 3 per cent of respondents, nationally, said that prime office values had fallen (11 per cent reported falls in June). More than 90 per cent of respondents said that capital values had remained static.

The prime shop market has also remained very stable with only 3 per cent of respondents reporting falling rents; 73 per cent said that rents were static and 24 per cent said rents were still rising.

The West End shop market however is showing more strain with 23 per cent of replies showing falling rents. Even the secondary shop market appears to be bearing up relatively well with 75 per cent of respondents, nationally, saying that rents are static.

As part of this Autumn's poll respondents were also asked what impact the growth of superstores, retail warehouses and the like had made on traditional high street shops. The general view was that, while superstores may have had an impact on parts of the market, for example food retailers, there has been no general reduction in demand for high street shops as a result of major "out-of-town developments."

"The effect of the growth of out-of-town supermarkets is that there is a shortage of high street food stores. But there is still good demand for high street premises for, presumably, more profitable trade," was a typical reply from one firm of agents in the South East.

Another firm in the North East said "we certainly see no evidence of mass closures of shops in this area and can only assume that the larger stores presently satisfy a demand which is in addition to the demand for traditional shopping facilities."

However the agents said that the spread of major covered shopping centres was likely to continue: "This will probably be to the detriment of some traditional secondary shopping locations but there will continue to be a requirement for small corner shop units which will flourish by the hard work of their proprietors and for which there will always be a need."

Another firm of agents, this time in the North West said: "The growth of out-of-town hypermarkets and retail warehouses, generally, has not adversely affected major town centres as there is still strong demand for prime high street locations especially from fashion and footwear retailers. However in certain instances in centres where the main attractions are food orientated there has been a detrimental effect although even here there is still a demand when units become available."

Brokers warn of oil market tension

RAY DAFTER, ENERGY EDITOR

[SAUD]I ARABIA may have to [cut] its oil output from the [presen]t 8.5m barrels a day to [ease] market tensions in the [next] few months, according to [a rep]ort by stockbrokers James [Capel].

[The] report says some of the [condi]tions which led to the oil [glut] and a price freeze in the [Organi]sation of Petroleum [Expor]ting Countries this year [are] disappearing.

[Oil] demand is expected to [level] out or even grow slightly [in 198]2, in sharp contrast to the [fallin]g trend this year. Companies which had been running down stocks this year would not be able to continue this process.

But stocks were likely to be kept near to minimum operating levels in view of the prospect of plentiful supplies.

The West's demand for oil could rise to an average 47.7m b/d next year, 200,000 b/d more than this year's average. By the fourth quarter next year consumption could be running at 49.4m b/d, against an estimated 48.6m b/d in the current quarter.

This increased level, and a stock-building policy by companies and the U.S. Government, could boost world demand for Opec oil next year to an average 24m b/d against 22.8m b/d this year.

Mr Richard Krijgsman, energy economist at James Capel, said Opec would be able to meet the higher demand, but there may be some short-term supply adjustment problems.

Saudi Arabia might have to raise its output to avoid pressure on prices—a move the kingdom has said already it would be prepared to make.

The report says Opec's determination to freeze prices until the end of next year was "wholly feasible," provided Saudi Arabia continued its flexible production policy.

But there could be scope for some Opec producers to adjust the differentials in the overall pricing structure.

African producers, for instance, might be unable to justify charging such big premiums above the reference price for their high quality crudes.

New group calls for energy saving action

RAY DAFTER, ENERGY EDITOR

GOVERNMENT will be [urged] today to start a large-[scale] programme of domestic [energ]y conservation.

[The] call comes from the [newly]-formed Association for [the] Conservation of Energy, [which] says such a plan would [cut f]uel bills, improve living [stand]ards and create thousands [of job]s.

Andrew Warren, associa[tion d]irector, said in a criticism [of G]overnment policies that [conse]rvation deserved, but had [not r]eceived, equal considera[tion w]ith investment in energy supplies

His comments follow publication of a report, commissioned by the association, which shows that as many as 27,500 jobs could be created by a major domestic conservation programme.

The estimate is based on a scheme which would increase the number of cavity walls insulated a year from 120,000 to 500,000; promote draught-proofing of 500,000 houses a year; double the number of loft insulations to 1m a year; increase the number of double-glazed homes to 500,000 annually; and fit controls on 500,000 central heating systems annually.

Such a programme would inevitably benefit the companies sponsoring the association—Cape Industries, Honeywell Control Systems, Wimpey Laboratories, Kleeneze Industries and Tarmac.

The association operates from an address given as 3, Pleydell Street, London EC4. This is a back entrance to a building which also carries the address 58, Fleet Street, London EC4—the home of the association's public relations consultants, Infopress.

An Infopress spokesman said his company was handling the association's mail until it found its own offices.

The association's report, "Domestic Energy Conservation and the UK Economy," prepared by the Economists Advisory Group (EAG), shows that a large-scale Government-supported domestic conservation programme would considerably curtail the need for new electricity generating capacity.

Ministers to seek withdrawal of steel aid

By Alan Pike

A SEARCH for methods to ensure the end of state subsidies to European steelmakers will dominate an informal meeting of EEC industry ministers in London on December 10.

In June they agreed unanimously a timetable for eliminating subsidies, culminating in their withdrawal by the end of 1985.

The need to show that the intent will become reality has become urgent now the U.S. is taking action against imports.

Last week the U.S. Administration announced the formal filing of suits to impose countervailing duties because of unfair government subsidies on products from several countries, including France and Belgium. Similar action by U.S. steel companies is threatened.

The European steel industry wants to defuse the problem without a legal battle if possible.

British and West German representatives can be expected to argue at the meeting that the only way to allay U.S. fears is to provide rapid proof that the heavily subsidised European industry is changing its ways.

European steel producers are trying to raise prices and restore the industry to profitability. Long-term success is likely only if excess capacity is eliminated through the withdrawal of state support.

The removal of subsidies is the key aspect of medium-term strategy to restore the European steel industry—subject to a mixture of mandatory and voluntary production controls—to normal trading conditions.

EEC restrictions on the introduction of subsidies between now and 1985 mean the British Government will have to decide soon whether it is willing to give limited aid to the hard-pressed private sector of the steel industry.

Talks have been taking place with the Government recently on the possibility of further restructuring in the companies receiving financial aid.

Gap widens between high and low paid, says study

BY ANATOLE KALETSKY

THE GAP between manual and non-manual workers and between high- and low-paid occupations widened significantly in the two years to April 1981. The recession has made the West Midlands Britain's lowest-paid region for male workers, and improved women's pay slightly in comparison with men's.

These are among the conclusions that can be drawn from the thousands of figures published today by the Department of Employment in its 1981 New Earnings Survey.

This annual study of the earnings and hours of some 174,000 employees gives the most accurate picture of working conditions in Britain's 19 statistical regions and sub-regions broken down into more than 100 industries and 400 occupations.

It shows that average weekly earnings in April 1981 were £140.5 for full-time male workers over 21 and £91.4 for full-time women workers over 18. Women's average pay rose by 16.5 per cent since the 1980 survey, compared with an increase of 13.3 per cent for male workers.

The relative improvement is connected with the concentration of male employment in the manufacturing industries hit hardest by the recession.

The recession accounts for the decline of the West Midlands in the regional earnings league. The survey shows that within a few years, it has been transformed from one of the most prosperous regions to the poorest in terms of male earnings.

The differential effect of recession is seen in the wider dispersion between manual and non-manual earnings. Median male non-manual earnings are 30 per cent higher than median male manual earnings.

The gap was 19 per cent on average between 1971 and 1972.

A widening of differentials is indicated too by the ratio between the earnings of the top 10 per cent of male workers and the median. At 166.7, this is considerably higher than at any time during the 1970s.

For non-manual workers, the highest paying employers were in petroleum distribution (£237.9) and air transport (£206.9).

Much the best occupations under the survey's classification were medical practice, with average weekly earnings of £297.1 and university teaching £257.9. The most lucrative manual jobs were coal mining £163.3 for face-trained miners) and printing (compositors earn an average £164.20).

Annual rise in pensions takes effect this week

BY ERIC SHORT

NEARLY 9m will receive higher pensions this week, when the annual rise in social security benefits takes effect.

The revised benefits, which will cost about £2bn in a full year, wil affect more than 20m including recipients of widows' pensions, sickness and unemployment benefit, child benefit and other minor social security payments, as well as pensioners.

The rises are highly controversial this year, following claims by pensioners' representatives that the new rates are significantly lower than they should be to match infaion.

The pension for a single person rises to £29.60 a week from £27.15, and for a married couple to £47.35, against £43.45.

Sickness and unemployment benefits, previously £20.65 for a single person and £33.40 for a married couple, rise to £22.50 and £36.40 respectively. The weekly child benefit allowance goes up 50p to £5.25.

Under the Social Security Act 1980, the Government is obliged to revalue pensions in line with prise rises. Previously, pensions were revised in line with the higher of the rise in earnings or prices.

This year's 9 per cent rise was based on a Treasury forecast in March that prices in the year to November 1981 would rise 10 per cent.

Last year's 16.5 per cent rise in pensions was one point higher than price rises in the year to November 1980. So this year the Government has clawed back the difference.

The Treasury forecast seems to have been wildly optimistic. The inflation rate has risen to 11.7 per cent in the year to October 1981. The annual rate this month is predictd to be at least 11.5 per cent and possibly 12 per cent.

So instead of knocking off one percentage point, the Government should have added a point. This feature of pensions revision infuriates the pensioner organisations, since they have to wait a year for shortfalls to be corrected.

Mr Fred Baker, general secretary of the British Pensioners' Trade Union Association, said the rise had been completely eroded before pensioners received it. But Mr Hugh Rossi, Minister of State for Social Security, has given assurances that any shortfall would be made up.

October granny bond sales rise to £248m

By Eric Short

SALES of index-linked National Savings Certificates, still known as granny bonds, soared to £248m in October, following the recent measures by the Government to make these certificates more readily available

The maximum holding of the current issue of these certificates (the second) was raised from £3,000 to £5,000 on October 19. The age limit for holding the certificates was removed on September 7. The result was that index-linked sales of £78.8m in August almost doubled in September to £145.6m, then almost doubled again in October.

This boost in index-linked linked sales was made partially at the expense of other National Savings products. Non-index-linked certificates had £32m fewer sales in October ahead of the launch, on November 9, of the new 23rd issue offering a record 10.51 per cent tax-free yield. Total National Savings receipts in October amounted to £258.5m against £223m in September.

Savings for the seven months of the current financial year to end-October have reached £2.235bn,

[Br]itish saving [on]t food, [fi]gures show

[By] Richard Mooney

[THE] RECESSION is making [peopl]e more economical, judg[ing] by official consumption [figure]s out today.

[In] the second quarter of this [year] the average Briton con[sume]d £7.55 worth of food (ex[cludi]ng sweets, soft drinks and [alcoh]ol) a week—3.6 per cent [more] than in April-June last [year]. But after allowing for [infla]tion, this represents a 2 [per c]ent cut.

[Th]e Ministry of Agriculture's [Nati]onal Food Survey shows an [incr]ease in sales of cheap, fill[ing] foods like bread and [pota]toes, at the expense of [frui]t, cheese, butter, red meat [and] eggs.

[Re]d meat consumption [fell] to 13.8 ounces a person [a we]ek from 15.5 ounces, partly [as a] result of de-stocking of freezers.

[Mil]k was down to 4.05 pints [a we]ek from 4.14 in April-[June] 1980, cheese from 4.03 [ounce]s to 3.85, butter from [4.13 o]unces to 3.74 and eggs [from] 3.56 to 3.51.

Training costs switch attacked

BY ALAN PIKE

PROPOSALS to transfer the operating costs of training boards to industry next March are inequitable, the National Federation of Building Trades Employers has told Mr Norman Tebbit, Employment Secretary.

The employers' federation has welcomed Mr Tebbit's decision to retain the Construction Industry Training Board on a statutory basis. But like employers' organisations in other sectors, it is concerned about operating costs, which the Exchequer has been meeting. Employers had hoped the Government would continue payment for several years.

Mr Alan Ure, NFBTE president, said in a letter to Mr Tebbit that repeated postponements of this week's ministerial statement on training boards meant that it was late in the day for industry to face complete responsibility for operating costs from March.

The decision was not equitable because it appeared that those industries where statutory boards were being abolished would receive exchequer support for a further year.

Sue Cameron writes: The chemical industry unions, which are furious at the decision to abolish the Chemical and Allied Products Industry Training Board, are planning to boycott an alternative voluntary training scheme being set up by employers.

More than £305m raised by share issues

BY REG VAUGHAN

THIS YEAR looks like being a record one for new share issues according to statistics prepared by Singer and Friedlander, the merchant bank.

The bank's publication New Equity Issue Statistics shows that more than £305m has been raised by new share issues up to October 16, 1981, compared with £77m for the whole of 1980. The figures exclude the £224m raised recently by Cable and Wireless.

The statistics, covering the three years to the end of June 1981, show that in the first half of 1981 there were a total of 33 issues. Activity since then should ensure that 1981 is the best year since 1971 when the number of new issues, including offers, placings and introductions, amounted to 66. The total amount of cash raised in each of the three years up to the end of 1980 was £17.94m, £47.23m and £77.22m respectively.

Introduction of the Unlisted Securities Market has given fresh life to new issues, with oil and gas companies predominating in sheer numbers—a total of 15 having a market capitalisation of £551m.

Travel agents' jamboree touches down in Arizona

BY ARTHUR SANDLES IN PHOENIX, ARIZONA

IT IS surprising enough that a sector of Britain's troubled economy can afford a full-scale 2,000-delegate conference in Arizona. But the fact that these delegates will be wined, dined and feted by world-wide customers eager for their business may be even more impressive.

This weekend, members of the Association of British Travel Agents—along with their camp-following counterparts from airlines, national tourist offices, bus companies, car rental organisations, hotel groups and even newspapers—have been pouring into this somewhat surprised city in the heart of cowboy country for their annual meeting.

Britain is rare among the richer nations of the west in showing a constantly-increasing appetite for foreign travel. This is why the mood of this conference is so buoyant, and why so many of the world's tourist suppliers are present.

Despite growing unemployment 4.4m people will have taken package tours out of Britain by the end of this year. Probably not far short of that number will go abroad independently. Further millions will have taken business trips and visited friends and relations.

The most pessimistic of forecasters are suggesting that the market will stand still next year. Most are planning for huge rises in their own business while predicting a modest rise in the total market—in other words they all think they will increase their market shares.

But a year likely to produce record profits for tour operators, and once more increase the glamour status of such quoted companies as Horizon, Saga and Intasun, there are some grey clouds.

Tour companies may be wallowing in the lush pastures of heavy demand and low-cost supplies from airlines and hoteliers hungry for business. But the airlines are in desperate straits.

The jamborees last a week—with days off for such exotica as a spell on a dude ranch with Miss World—and there are even one or two business sessions.

Scarman report on riots out this week

By Lisa Wood

LORD SCARMAN'S report on the summer riots will be published on Wednesday.

It is expected to include recommendations to reform the police complaints system and improve police liaison with local communities.

The police are known to be concerned about the 100-page report, which has concentrated on policing rather than unemployment, deprivation, and discrimination.

Earlier this month the Police Federation, in a surprise change of attitude, said it would support an independent body to investigate complaints.

The formation of an independent body is unlikely to be favoured by the Treasury, however, because it would cost up to £15m more than the present system.

Mr William Whitelaw, the Home Secretary, will make a statement in the Commons to coincide with publication of the report, and Mr Francis Pym, Leader of the Commons, will arrange an early debate on it.

UK NEWS – LABOUR

Long haul to make the P&O fleet side shipshape

As the National Union of Seamen's executive meets to decide whether to extend action, Andrew Fisher looks at the shipping line's problems.

FATE HAS not exactly been kind this year to Britain's biggest shipping company, Peninsular & Oriental Steamship, which faces the possibility of a major dispute, caused by closure of its money-losing service across the Irish Sea.

Having suffered a collapse in first-half profits, and more recently seen its shares shoot about crazily as takeover rumours swept the City, P & O today waits to see whether the National Union of Seamen will vote to stop all its ships in the UK and Europe.

Underlying P & O's problems is the question of where the group is headed now that it has been saved from the problems of the frightening debt burden accumulated in the 1970s. City analysts question constantly whether it has any real sense of direction.

P & O has wanted to do something about the Liverpool-to-Belfast operation, the heart of the present dispute, for several years. It has considered investing in costly new ships, failed this year to persuade the Government to subsidise it, and has thus decided on a complete closure

The numbers of passengers in the Ulster Queen and the Ulster Prince, both nearly 15 years old and badly in need of replacement, have fallen so much that P and O has lost about £1m on the service this year.

It was closed on November 11 after P and O granted a month's reprieve while the unions vainly tried to obtain a Government subsidy.

If the NUS decides at today's meeting of the executive council and ferry port chairman to extend the dispute, the company will be forced to take a further hard look at its shipping activities.

At this stage it is reluctant to consider the rather more remote possibility of the strike spreading to all its fleet, including deep-sea cargo vessels. The fleet has 78 ships, nearly 2m deadweight tons. Of these 17 are ferries, not including the Ulster Queen and Ulster Prince.

Shipping at present produces no overall profit for the group, which owns construction, energy, trading and banking interests. Ferries had a £5.2m operating loss in the first half.

Mr Robert Adams, P & O chief executive, said: "We have had no bottom-line profits from shipping for three years." This does not include the effect of ship sales.

"This year we were hoping for the first time in four years to get a return from our own shipping activities," he said ruefully in contemplation of the possible effects of strike action.

P & O has made it clear in the past that it is more than a little disenchanted with the meagre pickings to be had from shipping, although it remains basically a shipping company. Total pre-tax profits slid from £12.9m to £730,000 in the first six months.

Depending on how the vote goes today—the crews are by no means all keen to stop work —P & O will seriously look at whether to make heavy investments to update parts of the fleet.

One project still subject to final decision is the possible spending of £75m to build a cruise ship, probably on the Continent. This would be put into service in the lucrative cruising market from the U.S. West Coast.

It also may spend £30m or so on another ferry for the North Sea. New ferries to restore profitability of the Liverpool-Belfast service would have cost at least £60m.

Thus today's NUS vote comes as P & O wonders whether it is worth spending vast sums on staying in a business barely profitable.

While not expecting a total fleet stoppage, Mr Adams said such a move would make the group more unlikely to replace ships.

Over 7,000 of P & O's 25,000 employees are seagoing. Of these about 2,000 are members of the NUS. The Liverpool-Belfast service employed 200 seafarers, including 36 officers who have reached a settlement.

The others are occupying the two ferries.

Though the Government has set its face firmly against subsidies, it says potential operators are eager to reopen the service, which accounted for about a fifth of passenger traffic between Northern Ireland and Britain—Sealink and Townsend Thoresen operate from Scottish ports—and about 6 per cent of the cargo. But until the dispute is over, these mystery men are unlikely to show their hand. Mancon Shipping, based in Liverpool and owned by two Norwegians, is the only one actually to have approached P & O, but could not raise the money.

Jobs drive launched for school leavers

By Our Labour Correspond

A HUNDRED young pe from all over Britain w given a civic reception Newcastle - upon - Tyne night to launch a campa drawing attention to plight of unemployed sch leavers.

This morning the ticipants including Yo Opportunity Program trainees, students and m unemployed, will set out five-day, 10-city journey special train before arri in London for a demons tion and lobby of Parliam next Monday.

The "Jobs Express" part of the Jobs For Yo campaign launched by Trades Union Congress the National Union Students. The train will v Edinburgh, Glasgow, Li pool, Manchester, Sheffi Birmingham, Swansea, diff and Bristol, collec more young people at e stop.

In a speech at the c reception last night, Mr Murray, TUC general se tary, said the aim of the J for Youth campaign was give everyone the chance a good job with reasona pay and training.

The Jobs Express, added, was firmly in the tr tion of the Jarrow Ma between the wars, wh forced the authorities to t notice of the plight of unemployed.

Mr David Aaronovi NUS president, said that Government was contin to cut university vacanc while latest figures showe was more expensive for th to be on the dole.

Inquiry urged to alter Civil Service pay criteria

By Ivo Dawnay, Labour Staff

WIDESPREAD REFORM of the methods for determining civil service pay is called for today by the Engineering Employers' Federation.

The EEF says in a submission to the government inquiry on civil service pay that comparability studies should be made only with organisations competing in international markets. No comparisons should be made with non-profit making concerns or bodies receiving public subsidies.

The federation argues that comparability studies should be carried out by a wholly independent consultancy, publishing an annual report of its findings and conclusions with responsibility for interpreting them for negotiators.

The federation says comparisons should be made with a much wider range of organisations and companies. It also calls for the curtailment of the existing system of automatic increments to allow for merit awards within each grade of service.

The EEF evidence will be examined by the committee of inquiry, chaired by Sir John Megaw, on the future of civil service pay. The committee is due to report next summer, in time for the 1983 pay settlement.

Following consultations with its 6,000 member companies, the EEF concluded that engineering companies have little confidence in the present system for assessing civil service pay levels. It adds there is widespread resentment of the index-linking of public sector pensions and the job security enjoyed by civil servants.

The majority of engineering employers expressed satisfaction with investigations carried out by the Pay Research Unit.

Deadlock in ITN shutdown

By Our Labour Staff

THE SHUTDOWN at Independent Television News is likely to continue today. No meetings are planned between the management and striking technicians.

The technicians walked out on Friday when a demand for extra payments for using new video recording equipment was rejected.

ITN said last night that provision for the new technology was incorporated in a pay settlement agreed after the independent television strike in 1979.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Nov 23-29	International Food Wine and Kitchen Exhibition (06284 2412)	Bristol
Nov 25-27	Life Insurance Congress and Exhibition (01-580 8881)	Wembley Conference Cen
Nov 29-Dec 5	International Building and Construction Exhibition and Kitchen International — INTERBUILD (01-486 1951)	NEC, Birmingham
Nov 30-Dec 4	City of London Exhibition (01-935 8200)	Barbican
Dec 1-3	Fluid Handling Exhibition and Conference—INTERFLOW (01-680 7525)	Harrogate
Dec 1-3	Software Information International Exhibition and Conference (01-948 3111)	Wembley Conference Cen
Dec 2-6	World Travel Market (01-643 8040)	Olympia
Dec 8-10	Information Technology and Electronic Publishing Exhibition (865 730275)	Cunard International Hot London
Dec 7-11	Royal Smithfield Show and Agricultural Machinery Exhibition (01-235 7000)	Earls Court
Dec 8-10	Exhibition and Display Systems Fair—MODULEX NORTH (01-894 1041)	Harrogate
Dec 9-14	Dirt Bike '82 Show (0204 29549)	Bristol
Dec 10-13	Christmas Fair (01-328 2281)	Alexandra Palace
Jan 3-7	Giftware Show (0272 848598)	Truro
Jan 9-14	International Toy Fair (01-226 6653)	Harrogate

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	Arab Home and Leisure Show (01-486 1951) (until November 27)	Bahrain
Current	International Mining Exhibition and Conference for South East Asia (021705 6707) (until November 27)	Singapore
Nov 24-28	International Technical Fair (01-486 1951)	Helsinki
Nov 26-Dec 5	UAE Autumn Fair (01-935 8200)	Dubai
Dec 1-4	European Plant Engineering and Maintenance Exhibition and Conference—FABRIK (021-384 3384)	Cologne
Dec 2-6	South East Asia's Gift Fair (01-681 7688)	Singapore
Dec 6-10	Furniture, Shopfitting, Decorative Lighting, Furnishings Exhibition (01-353 2300)	Alkhobar
Dec 7-8	Cross Communications Tele/Conferencing Technologies Seminar (Colorado 499 8888)	Colorado, U.S.
Dec 8-12	International Machine Tool and Metal Working Exhibition (01-486 1951)	Jakarta
Dec 9-12	CommunicAsia '81—The Second Asian International Electronic Communications Show and Conference (01-486 1951)	Singapore
Dec 9-16	International Handling Equipment Exhibition (01-439 1951)	Paris
Dec 10-16	Shipping and Marine Transportation Exhibition—MARINTEC (08833 6155)	Shanghai
Dec 16-21	International Electrical, Electronics and Engineering Exhibition—INDEXEL (01-540 1101)	Athens
Jan 14-25	Boat Show (01-439 3964)	Paris
Jan 22-31	International Commercial Motor Show (02298 11 11)	Geneva

BUSINESS AND MANAGEMENT CONFERENCES

Nov 23-24	MSS: Computer Appreciation for Managers/Users (0903 34755)	Worthing
Nov 24	Oyez Purchase of Own Shares and Accounting Problems (01-242 2481)	Carlton Tower, SW1
Nov 24	Wm. Mercer: Employee Benefits in the U.S. (01-405 4348)	Royal Garden Hotel, W8
Nov 24-26	Seatrade Academy Ship Finance (0223 353451)	Hong Kong
Nov 25	Marketing Society Annual Conference on the Coming Moves (01-543 5191)	Royal Lancaster Hotel, W2
Nov 25-27	The Economist: Satellite Broadcasting—the next opportunity (01-839 7000)	Vienna
Nov 26	Brazilian Chamber of Commerce: Today's Business Opportunity (01-499 0186)	Café Royal, W1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

?POINTMENTS

enior position at NatWest

Don Lefever has been ed senior international ve for Northern Europe NATIONAL WEST- ER BANK'S international g division, based in the e was senior international ve, strategic investments, tional business.

★

P. E. Cutting, Mr A. W. V. . and Mr B. D. Jackson been appointed senior ves at AKROYD & ERS, stock jobbers. Mr nnand, Mr J.-P. R. Crotch, S. Dunster, Mr G. Hedley, Johnston, Mr D. Jones and J. Martin have become ves.

★

. L. F. Royle has resigned irector of HOGG ROBIN- ROUP.

★

Colin Minion, an associate r of Charles Barker Lyons puty head of its employee nications division, is to he board of BRITISH ING CORP as director of nications on January 1.

★

EY NATIONAL BUILD- OCIETY has appointed Mr L Tennant as a director December 1.

★

MID QUALCAST has ap- I Mr L. S. F. (Dick) Charles, as a non-executive director from December 1. Mr Charles is managing director of The British Aluminium Co.

★

Mr David Wares has been appointed managing director of the merchant division of the UBM GROUP from December 1. He succeeds Mr John Miller who remains a director of the group until his retirement on February 28.

★

Mr P. B. Dravers joined the partnership of FIELDING NEWSON-SMITH AND CO., stockbrokers on November 2.

★

Mr Anthony Palmer has joined ANTONY GIBBS AND SONS from Grindlays Bank as a director in the export finance department.

★

Mr George W. Smeed has been appointed director of TULLETT AND RILEY (FUTURES).

★

The NATIONAL NUCLEAR CORPORATION has appointed Mr C. E. Pugh director responsible for the PWR (Pressurised Water Reactor). Mr Pugh is director of projects in the CEGB's generation development and construction division at Barnwood. He will progressively take up his duties in NNC between now and January 1. Mr B. V. George will remain the CEGB's Director of PWR responsible for the discharge of all the client's responsibilities related to PWR.

★

MONSANTO OIL COMPANY of the UK is making Mr Michael F. West, vice-president and secretary, managing director, on January 1. He will succeed Mr James E. Teddlie, who has been made director of international exploration at the company's headquarters in Houston, Texas, U.S.

★

Mr John Little, managing director of Lloyds and Scottish, has been appointed a member of the COUNCIL FOR THE INDUSTRIAL SOCIETY.

★

Mr Geoff Sewell, joint managing director of CPS Leasing (a CPS Computer Group company) has been elected president of the *executive committee of the* EUROPEAN COMPUTER LEASING AND TRADING ASSOCIATION.

★

BULMER AND LUMB (HOLDINGS) has appointed Mr Peter Bulmer to the main board as group export director.

★

WORLD AIRWAYS has appointed two members to its board, Mr David M. Abshire, chairman, Center for Strategic and International Studies, *Georgetown University (Washington, D.C.)*, and Mr Kenneth L. Thompson, Oakland, Ca, President, McClintock Metal Fabricators, Inc., San Jose, California.

OVERSEAS

D. R. Hoyer, president, OIL COMPANY—Inter- al, London, becomes cor- vice-president, Pitts- Mr Hoyer will be t executive for European ions. Mr R. F. Mansfield ned president, Gulf Oil ny—Eastern Hemisphere. was formerly general er, administrative control lf Refining and Marketing iny. Mr N. G. Forsman, r vice-president marketing, Oil Company—Inter- al, London, is named ent of the unit. Mr M. J. from president, Gulf Oil ration and Production any, to corporate executive resident, Houston. Mr vill be the senior corporate in Houston. Mr J. L. , from corporate vice- lent, finance, to cor- e senior vice-president, e and planning. Mr I. Short from assistant treasurer to corporate treasurer, succeeding Mr P. H. Weyrauch who has been named a corporate vice-president. The supply and transportation operations of Gulf Trading and Transportation Company will be phased into Gulf Refining and Marketing Company. Mr H. I. Goodman, formerly president of Gulf Trading and Transportation Company, has been appointed corporate vice-president, Houston, and will also become president, Gulf Trading Company.

★

Mr Paul L. Keyes has been appointed vice-president—exploration at FOREST OIL CORPORATION, Denver, Colorado. He replaces Mr Herbert J. Warner who has been promoted to executive vice-president. For the past 22 years Mr Keyes has been employed by Exxon Company U.S.A.

EEK'S FINANCIAL DIARY

The following is a record of the principal business and financial gements during the week. The board meetings are mainly he purpose of considering dividends and official indications are always available whether dividends concerned are interims or s. The sub-divisions shown below are based mainly on last s timetable.

TODAY
IPANY MEETING—
's. 27, Hill Street, W. 12.00
RD MEETINGS—
n and General Securities
ric
ed Leisure
an.
ropper
John
and Liverpool Tst.
5x
END & INTEREST PAYMENTS—
ronic Products Grp. 3.5p
(C. D.) 2.05p
and National Tst. 4.7p
Nickolls and Coombs 1.75p
r 12¼pc 1981 6⅛pc
Bonar 5p
-Glenlivet 2.25p
Int. Financial Services BV Gtd.
ate Notes 1987 $94.29
n Murray and Elder 2p
pton, Isle of Wight and South
and Royal Mail Steam Packet 2p
13¼pc 1993 6⅝pc
TOMORROW
ANY MEETINGS—
Developments, Savoy Hotel Strand.
30
(Charles), Boston Road Sleeford.
12.00
D MEETINGS—
ovis McDougall
s.
nd Dobson
.. E.)
Amos)
d Brewery
n Hotel (Harrogate)
Textile
ent Paper
(R. Kelvin)
END & INTEREST PAYMENTS—
1.6p
p
Grp. 0.75p
nk of Canada C$0.49
1.3p
Charles) 23.38p
rp. 0.75p
Variable Rate 1983 £6.59
EDNESDAY NOVEMBER 25
ANY MEETINGS—
dgs. 28, Colmore Circus, Queens-
Birmingham. 12.30
164-170, Queens Road, Sheffield.
(R.) Hoben Quarries Ltd.
ston Works Brassington Derby-
5.00
Hldgs., Grosvenor House, Park
W. 12.00
Inv. Tst., Brown's Hotel, Dover
W. 12.00
D MEETINGS—
Radiovision
ve Discount
d Hambly
Cities Inv. Tst.
Grove Services
n Strathclyde
se Dudley
Matthey
nv. Tst.
s Int.
od
w.
END & INTEREST PAYMENTS—
m Co. of America 45cts
nt. 15cts
Developments 8.85p
Chemicals Int. 0.6p
Hill Proprietary A$0.19. Do. New
$0.95
Ord. and A 0.01p
d English Stores Grp. 1.49p
orp. 43cts
and General Inv. 0.6p
(R.) and Sons (Eng.)
London 12¼pc 1982 6⅛pc
Sims and Coggins 1.4p
w Variable Rate 1982 £6.7500
(Leicester) 1p
Grp. 6pcUns.Ln. Early repayment
1pc with accrued int.
HURSDAY NOVEMBER 26
ANY MEETINGS—
l, Great Eastern Hotel, Liverpool
EC 12.00
(William), Clayton Lodge Hotel.
Road, Newcastle, Staffordshire.
llman Itn., Institute of Directors.
Pall Mall, SW. 11.00

Ductile Steels, Plantary Road, Willenhall. 12.00
Five Oaks Inv., Winchester House 100, Old Broad Street, EC. 12.00
Goodman Brothers and Stockman, Winchester House, 100, Old Broad Street, EC 12.00
Priest Marians Hldgs., Oakhill House, Hildenborough, Tonbridge, Kent. 11.00
Pugh Davies, 29, Dale Street, Manchester. 11.00
BOARD MEETINGS—
Finals:
Brockhouse
Castlefield (Klang) Rubber Est.
Fulcrum Inv.
Killinghall (Rubber) Dev. Syndicate
Scottish Inv. Tst.
Silverthorne
Interims:
Anglo American Corp. of South Africa
Buckley's Brewery
Carless Capel and Leonard
Courtaulds
Extel
French Kier
Holden (Arthur)
Intnl. Paint
M and G Second Dual Tst.
Property and Reversionary Inv.
Regland
600 Grp.
Triplex Foundries
Tunnel Hldgs.
United Gas Inds.
DIVIDEND & INTEREST PAYMENTS—
Anglo American Inv. Tst. 260cts
Boulton (William) Grp. 0.1p
Cartwright (R.) 1.25p
Goodman Brothers and Stockman 1p
Hambro Life Ass. 3.5p
Hunting Petroleum Services 2.25p
Lydenburg Platinum 27cts
News Int. Sp. Div. Shs. 3.4678p
Northern Engineering Ind. 1.375p
Sime Darby Berhad 2.0354p
Southend 12pc Red. 1987 6pc
Staffordshire Potteries 0.01p
FRIDAY NOVEMBER 27
COMPANY MEETINGS—
Attwood Garages, Expedier House, Union Road, Farnham, Surrey. 11.30
British Car Auctions, Expedier House Union Road, Surrey. 12.00
Campari, Campari House, Prestley Way, Staples Corner NW 12.00
Charterhall, Chartered Accountants' Hall Moorgate Place, EC. 11.45
Dalgety, Institute of Directors, 116, Pall Mall, SW. 11.30
Dunton Grp., 211, Piccadilly, W. 10.30
Great Universal Stores and A Chartered Insurance Institute, 20, Aldermanbury, EC. 12.00
Ingall Inds., Chamber of Commerce, 75 Harborne Road, Birmingham 12.30
Northern Inds., Blue House, Washington, Tyne and Wear. 10.30
Raine Engineering, Kenwood Hall, Kenwood Road, Sheffield. 12.00
Ratcliffe (F. S.), Crimble Hotel, Crimble Lane, Bamford, Rochdale. 12.00
Young (H.), Worplesdon Place Hotel, Perry Hill, Worplesdon, Surrey. 10.30
BOARD MEETINGS—
Finals:
Fisher (Albert)
North Midland Construction
Tomkinson Carpets
Interims:
Capital and Counties
Eastern Produce
Howard Tenens Services
Joseph (Leopold)
Rediffusion
DIVIDEND & INTEREST PAYMENTS—
Altifund Inc. 2.5p. Cap. 0.125p
Amstrad 2.39p
BTR 4.25p
Bank of Ireland US$ Fltg. Rate Cap. Notes due 1989 $49.24
Bank of Montreal C$0.48
Bronx Engineering 0.25p
Camrex 1.64p
Dewhurst (I. J.) 0.4p
Early's of Witney 0.315p
England (J. E.) & Sons (Wellington) 0.44p
Expanded Metal 2p
Forward Technology Inds. 2.3p
Green's Economiser Grp. 2.875p
Jove Inv. Tst. Inc. 2p
Kent (M. P.) 1.625p
London and Holyrood Tst. 2p
London and Montrose Inv. Tst. 2.56p
London Provincial Tst. 2p
Marler Est. 1p
Molins 2.2p
Rex Trueform Clothing and A 45cts
Sale Tilney 3.75p
Tricentrol 2.8p
SATURDAY NOVEMBER 28
DIVIDEND & INTEREST PAYMENT—
Aberdeen Construction Grp. 2.4p
Burndene Inv. 4½pc
Leeds Fltg. Rate 1982 £6.7657
Photax 1.5p

BLIC NOTICE

NOTICE OF MEETING
ME ASSURANCE SOCIETY
tered Office: 46 Queens Road
Oldham, Greater Manchester

GENERAL MEETING of the ciety will be held at the Registered 10.30 a.m. on Tuesday, 8th r 1981.

AGENDA

ndment to Table APP Adaptaplan y.
ndment to Tables, WLS1, WLS2, 3, and WLS3(A).
ndment to Rule 9 (i) in respect tem 2 above.
ndment to Table RAST.
new Retirement Annuity Table erred Annuity type).
new Retirement Annuity Table osit Administration type).

D. R. REES, Secretary.

UBS

ASLIGHT of St. James's, London's nteresting businessman's night club. restaurant, dancing, cabaret spots. hour 8-9 pm with all bar drinks t price. No membership required. Mon.-Fri. 8 pm-2 am. Sat. 9 pm- 4, Duke of York Street, SW1. 1-930 1648/4950.

COMPANY NOTICES

EVERARDS BREWERY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of the 5% Cumulative Preference Shares of the abovenamed Company will be closed on the 16th December, 1981 to facilitate the preparation of the payment of the half-yearly dividend on the 31st December, 1981.

By Order of the Board.
J. G. ROBERTSON,
Secretary.

GADEK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the half-yearly debenture interest of 10% per annum will be paid on 31st December 1981 to debenture stockholders registered on the register of members as at the close of business on 18th December 1981.

By Order of the Board.
OH KIM SUN,
MAK HING KWAI,
Secretaries.

Ladang Pinji,
Lahat, Perak,
Malaysia.
23rd November 1981.

MEMORIAL SERVICE

BENNETT.—Memorial Service for Mr. Stephen F. Bennett, C.S.E., will be held at All Saints Church, Northampton, on Thursday, December 10, 1981 at 2.30 p.m.

PARLIAMENT

TODAY

Commons: Social Security and Housing Benefits Bills, second reading. Motions on agriculture.

Select Committees: Education. Subject: Funding of arts. Witnesses: BBC, Independent Television Companies Association (Room 6, 4 pm). Foreign. Subject: Caribbean and Central America. Witnesses: Foreign Office (Room 8, 4.30 pm).

TOMORROW

Commons: Transport (Finance) Bill, second reading. Motions on London Docklands Development Corporation.

Lords: Civic Government (Scotland) Bill, second reading. Various orders and regulations.

Select Committee: Parliamentary Commissioner for Administration. Subject: Reports of Health Service Commissioner. Witness: Health Service Commissioner (Room 5, 5 pm).

WEDNESDAY

Commons: Local Government (Misc. Provisions) Bill, second reading.

Lords: Short debate on relationship between Nato countries and United States of America. *Short debate on steps to* encourage employers, to expand workforces.

Select Committees: Defence. Subject: Organisation of Ministry of Defence. Witnesses: Ministry of Defence, Treasury (Room 8, 10.30 am). Education. Subject: Science policy. Witnesses: Advisory Board for Research Councils (Room 6, 10.30 am). Foreign. Witness: Lord Carrington, Foreign Secretary (Room 15, 10.30 am). Industry and Trade. Subject: British Steel Corporation's corporate plan. Witnesses: Mr Ian MacGregor and officials of BSC (Room 16, 10.45am). Welsh. Subject: Water in Wales. Witnesses: Welsh Water Authority (Room 18, 4 pm). Treasury and Civil Service. Subject: Efficiency and effectiveness in Civil Service. Witnesses: Council of Civil Service Unions (Room 15, 4 pm). Social Services. Subject: Age of retirement. Witnesses: National Association of Pension Funds, Occupational Pensions Board (Room 21, 4.15 pm). Employment. Subject: Manpower Services Commission's review of quota scheme for employment of disabled. Witnesses: Royal British Legion, British Limbless Ex-Servicemen's Association, National Advisory Council on Employment of Disabled People (*Room 8, 4.30 pm*).

THURSDAY

Commons: Supply day debate on law and order. Supply day debate on damaging effects of high interest rates.

Lords: Various motions and orders. Boxing Bill, second reading. Short debate on cuts in BBC's external services.

Select Committee: Agriculture. Subject: Less favoured areas. Witnesses: National Farmers' Union (Room 16, 11 am).

FRIDAY

Commons: Private members' motions.

'Bottle' Bill to be reintroduced

By Elaine Williams

THE FRIENDS of the Earth will seek to re-introduce the private "bottle" Bill—defeated in its second reading last Thursday—as soon as there is a change of Government.

The bottle Bill called for a ban on non-returnable drinks containers in favour of deposit-paid returnable bottles and cans.

INSURANCE

Chartered Institute marks 75 years of educational endeavour

BY ERIC SHORT

THE insurance Institute of London this year celebrates its 75th birthday with an anniversary dinner at the Guildhall on Thursday, attended by the Lord Mayor and Sheriffs.

The London Institute is the largest of the local institutes of the Chartered Insurance Institute, the professional body for the UK insurance industry. Its role and the role of the various local institutes is primarily one of education — providing the necessary educational examinations for the insurance industry.

Until recently, the only way a person could gain the necessary academic qualifications in insurance was to take the examinations of the Chartered Insurance Institute. Now half-a-dozen universities, Nottingham being the most prominent, offer full time degree courses in insurance. But the majority will gain their professional qualification through the CII while working for an insurance organisation—insurance company, Lloyd's or an insurance broker.

The CII was established under Royal Charter which set out that a primary object was to maintain a central organisation to promote efficiency, progress and general development for those working in insurance.

The CII qualification is associate and fellowship stages. Examinations at the associate level give a general qualification covering the principles and practice of insurance law, insurance of the person and a choice of three subjects. The range of the industry makes specialisation necessary even at the associate level.

Much more specialisation takes place at the fellowship examinations, students concentrating on the practice of one of six major branches of insurance—life assurance, pension schemes, marine and aviation, motor and liability, property and reinsurance. The managerial aspects of insurance are also catered for at the fellowship stage, with students selecting one of four management subjects — broking, Lloyd's, risk management and life and general.

The CII regards itself as the central body for the whole insurance industry and endeavours to cater for all aspects of insurance in the UK. Thus employers in the insurance companies, or with Lloyd's or with insurance brokers would take the CII examinations.

Tuition is provided by a postal correspondence college, backed by the CII's College of Insurance at Sevenoaks, Kent. This offers more than 50 short courses on various aspects lasting from one day to six weeks. The CII has a library and holds an annual conference dealing with specific aspects of insurance. This year's, in Glasgow, dealt with marketing and education.

Conditions in the insurance industry are always changing and the CII endeavours to keep abreast of these changes by constantly reviewing its examination system. The syllabus is revised about once every 10 years, a revised syllabus coming into force at next April's exams. There are between 17,000 and 20,000 candidates each year.

The local institutes supplement the educational work of *the CII by helping to organise* the holding of the examinations and by providing a series of lecture meetings in the winter. The London Institute holds about 60 meetings in a season. The local institutes also set up advanced study groups to consider various aspects of insurance.

Much more emphasis is being put on pofessional qualifications for those wishing to hold senior positions in the industry. The Insurance Companies Act 1974 expecs the responsible managers in insurance companies—the chief executive and other leading executives—to hold an insurance qualification.

TECHNOLOGY

EDITED BY ALAN CANE

Have we been here before?

BY ALAN CANE

THE NEWS late last week (see Friday's FT) that the Big Four clearing banks, together with Williams and Gyn's, have agreed to sink their differences over the introduction of point of sale terminals in UK retail outlets, has a feeling of deja vu about it.

Only two years ago, a proposed experiment — the "Southampton Scheme" — was abandoned at birth on the grounds that it was inflexible, and would lead to a new and cumbersome central bureaucracy.

There was also the high initial cost to be considered together with fears that such an electronic payments system would reduce the competitive edge each bank could offer its customers.

The new scheme seems to have avoided the necessity to set up a new central bureaucracy to handle the ssytem, but in other respects, the bank's decision raises as many questions as it answers.

What it is all about is shopping without cash — the use of a single means of identification — probably a plastic card — to enable purchases to be made, the customer's account debited and the retailer's account credited automatically. It goes by the cumbersome title of electronic funds transfer at the point of sale (EFT/POS) and technologically there is nothing remarkable about it.

The type of system which the ...clearing ...banks... are, apparently, planning to establish has been tested in a number of experiments both in the U.S. and in Europe over the past few years.

In principle, it works like this: the customer brings his purchases to the point of sale till together with his plastic card—which could be a credit card—Access or Barclaycard for example, or a bank's own debit card.

By the cash till will be situated a small terminal connected to the bank with which the retailer normally banks by telephone.

The cashier "wipes" the customer's card through the terminal which captures all the necessary details from the magnetic stripe on the side—and automatically sends the information to the bank's computer.

The customer keys his Personal Identification Number (PIN) in confidence in a small keypad attached to the terminal. The bank's computer now takes over, acting as a switch to send the details of the customer and his proposed purchase by telephone to his credit card organisation—if a credit card is used—or his bank, if a debit card is used.

If all is in order, messages are sent to the terminal at the point of sale authorising the transaction, the retailer's account is credited at his bank and the customer's account is debited at his—all automatically, all within a few seconds.

This way of dealing with electronics payments mirrors the banks' present cheque clearing operations. It is now certain that the banks have turned their backs on the idea of a separate, dedicated organisation (which some have whimsically dubbed Point of Sale Ltd) which would receive electronic data from retailers and settle accounts directly with the banks.

The advantages of EFT/POS are well defined. Banking should become more efficient as the volume of paper declines while the cost of physically handling cash should be reduced.

Fraud and thefts should be cut down and the volume of "dead money," cash in pockets, purses and tills, would be freed for investment.

For the retailer there are possibilities of improved productivity and fewer opportunities for fraud; the customer must benefit from cheaper banking and credit.

The banks' decision seems to have skirted most of the purely political problems that have prevented EFT/POS taking off before. Neither banks nor retailers have ever shown much enthusiasm for putting substantial money funds up front to get the scheme off the ground.

In the new scheme, the banks seem happier with the £15m now being suggested as the capital cost of developing a system of up to 10,000 terminals; the crucial decision of how costs are to be shared is being left to negotiations between individual banks and individual retailers.

Each bank will, after common standards have been agreed, have to market its EFT package to both its card holders and to the retailers. In contrast to the ill-fated Southampton Scheme, it is confidently expected that the banks will start by persuading their own major customers in the retail business—the Sainsbury's and Tesco's to take two examples at random—to co-operate with them in EFT projects.

The manufacturing side of the EFT industry seemed pleased this week that the banks had, at last, taken a decision.

One manufacturer of banking and retailing equipment pointed out that the bank's would have to ensure first that electronic transactions could be performed quickly enough—three to five seconds is thought to be an acceptable time limit—and that accounting and reconciliation procedures would have to be water-tight.

All the banks have done so far is set up a working group. There is time for all these considerations to be taken into account in the design phase. There are also plenty of examples from the U.S. and Europe of how to run EFT/POS systems. The best known is being carried out by Crédit Agricole in Limoges. Perhaps the most advanced by the Salzburger Sparkasse in Salzburg.

Hazard device for atmosphere monitoring

RONAN ENGINEERING has developed what it claims to be a unique temperature monitoring system for use in Class 1 and Class 2 hazardous atmospheres.

Temperature and process monitoring in these areas to protect against, say overheated bearings or lubricating oil failures—installations, in refineries or oil rig platforms—normally use safe area monitoring in purged enclosures.

The problem has been that access to the instrument to adjust setpoints and reading values has meant that the purged enclosure has to be opened thus causing the purge fail relay to operate and hence the shutdown of the machinery under investigation.

Ronan says that its CSA approved temperature monitor can be used in Division 2 locations without purging the enclosure. Of modular construction, it can be built to handle a mixture of input sensors with any matrix arrangement and number of points to meet the needs of the particular application.

Each module square has an alarm card input setpoint module. Front of panel switches are provided to give an on demand readout of setpoint and actual value on a four digit display.

The system is also equipped with a hermetically sealed output relay per point which can be inhibited during test and setpoint adjustment.

Full technical details about the Ronan X80 from 0632 461689.

MAX COMMANDER

Greater graphics power

NEW COMPUTERS that will bring increased computational and graphics power to Computervison's computer aided design systems have been made available by the company.

One of them is a 32 bit processor that is ideal for calculation and will work directly with the same graphics design database as before. Known as APU (analytical processing unit), the machine will provide the power and processor architecture needed to handle the computationally complex pre- and post-processing of designs. Typical areas are finite element analysis, kinematics and advanced printed circuit and integrated circuit routing programs.

The second machine, CGP. 200X, gives greater dynamic ability to the company's CADDS 4 software and Instaview monochrome and colour displays. The machine is an enhancement of the existing CGP-200s and amounts to a simple field upgrade. More memory is provided to give better performance and capacity. More on 01-561 2626.

Evaluating fibre optic links

TWO COMPANIES have introduced kits recently for the evaluation of fibre optic communications links.

National Semiconductor is offering a system with transmission speeds of up to 20 megabits/sec. It incorporates a transmitter that emits light at 820 nm from a 500 micron port into a 200 micron fibre at 20 microwatts. Operating current is 70 MA. The receiver uses a PIN photodiode and circuits that are compatible with both TTI and CMOS. Also supplied is 10 metres of Dupont Pifax plastic clad silica 200 micron core fibre pre-assembled with bayonet connectors. The system is, however, able to operate over fibre lengths exceeding 1 km. More on 0234 47147.

The other system is being offered by Barlec of Horsham and consists of infra-red receiver and transmitter, five metres of terminated glass fibre and a comprehensive instruction booklet. It allows transmission at speeds up to 10 megabits/sec and costs £31.72.

Fast reaction kinetics from Hartley

HARTLEY MEASUREMENTS of Hartley Wintney in Hampshire has developed an instrument which, it claims, can be used to study fast reaction kinetics.

The Model 120 temperature-jump system is designed to be easy to use by inexperienced operators, yet the company says the performance is adequate for many research applications.

The instrument produces a rapid rise in temperature through the discharge of a low capacitance capacitor at high voltage through the sample solution.

Scrubbed, dried in one

AN ABILITY to scrub and dry in one operation is claimed for the Cimex ES48. The company has added the machine to its earlier model the E38. This latest one has brushes revolving at 600 rpm and can clean 300 square metres an hour. Cimex is on 0689 26731

Fanuc control systems

THE LATEST Fanuc control system for lathes is being launched in this country fitted to the Nakamura-Tome TMC-2 tool, marketed here through Mills Marketing Services of Norwich (0603 745531).

To program the machine (and this can be done while the previously programmed part is being turned), all the operator has to do is to respond to a series of instructions which are displayed on a screen. A convenient reference point on the part can be chosen and a program can then be quickly compiled from information contained in the drawing.

The profile of the part is keyed in step by step, using symbol keys to specify tool directions. Then, other parts having the same basic shape can be programmed simply by entering the dimensions.

The system is able to store cutting data relating to a number of materials. It also has all the normally accepted facilities including program editing, tool nose radius compensation, machine and control system diagnostics and imperial/metric programing.

U.S. centre for the UK

THE Panelmatic 661 CNC fabricating centre, manufactured in the U.S. by the Whitney Corporation is now being marketed in the UK by AMCS, PO Box. 6 Midhurst, West Susssex (073081 2498). The centre combines a 40-tonnes punching capacity with air plasma profile cutting. It can deal with steel plate components up to ¼in thick.

Plessey system

AIMED AT the gas, oil, water and electricity utilities is a new low capacity point-to-point radio relay unit from Plessey Radio Systems, the PRS 770.

The equipment provides a single or a two voice channel in the 1.5 GHz range and has received Home Office approval. The rugged unit can also be used for data transmission and can be mounted internally or externally in conjunction with a single aerial. Servicing is simple and the power consumption low. More on 03294 43031.

Vickers Magiscan

VICKERS HAS introduced a new version of its Magiscan image analysis system. The Magiscan 2, at half the cost but with more sophistication than its predecessor, has applications in both industry and medical fields.

It was developed by Vickers subsidiary, Joyce-Loebl in co-operation with Manchester University and orders worth more than £500,000 have already been won.

Image analysis is a rapidly growing field. It is used worldwide by medical, industrial and research scientists to obtain detailed statistical data and accurate measurements of a wide variety of images from specimen slides in medicine to satellite photographs.

Most image analysis systems are large and expensive—well out of reach of smaller sized hospitals and universities. But increased use of advanced electronics has brought both the cost and size down.

ELAINE WILLIAMS

BASE LENDING RATES

A.B.N. Bank	15 %	Grindlays Bank	‡15 %
Allied Irish Bank	15 %	■ Guinness Mahon	15 %
American Express Bk.	15 %	■ Hambros Bank	15 %
Amro Bank	15 %	Heritable & Gen. Trust	15 %
Henry Ansbacher	15 %	■ Hill Samuel	§15 %
Arbuthnot Latham	15 %	C. Hoare & Co.	†15 %
Associates Cap. Corp.	15 %	Hongkong & Shanghai	15 %
Banco de Bilbao	15 %	Knowsley & Co. Ltd.	15½ %
BCCI	15 %	Lloyds Bank	15 %
Bank of Cyprus	15 %	Mallinhall Limited	15 %
Bank Street Sec. Ltd.	16 %	Edward Manson & Co.	16 %
Bank of N.S.W.	15 %	Midland Bank	15 %
Banque Belge Ltd.	15½ %	■ Samuel Montagu	15 %
Banque du Rhone et de la Tamise S.A.	15½ %	■ Morgan Grenfell	15 %
Barclays Bank	15 %	National Westminster	15 %
Beneficial Trust Ltd.	16 %	Norwich General Trust	15 %
Bremar Holdings Ltd.	16 %	P. S. Refson & Co.	15 %
Bristol & West Invest.	17 %	Roxburghe Guarantee	15½ %
Brit. Bank of Mid. East	15 %	E. S. Schwab	15 %
■ Brown Shipley	15 %	Slavenburg's Bank	15 %
Canada Perm't Trust	15½ %	Standard Chartered	‖15 %
Cavendish G'ty T'st Ltd	15½ %	Trade Dev. Bank	15 %
Cayzer Ltd.	15 %	Trustee Savings Bank	15 %
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■ Charterhouse Japhet	15 %	United Bank of Kuwait	15 %
Choulartons	16 %	Whiteaway Laidlaw	15½ %
Citibank Savings	¶15 %	Williams & Glyn's	15 %
Clydesdale Bank	15 %	Wintrust Secs. Ltd.	15 %
C. E. Coates	15½ %	Yorkshire Bank	15 %
Consolidated Credits	15½ %		
Co-operative Bank	*15 %		
Corinthian Secs.	15 %		
The Cyprus Popular Bk.	15 %		
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Eagil Trust	15 %		
E. T. Trust Limited	15½ %		
First Nat. Fin. Corp.	18 %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	15 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 13%, 1-month 13.25%. Short term £8,000/12 months 15.60%.
† 7-day deposits on sums of £10,000 and under 13%, up to £50,000 13½% and over £50,000 14%.
‡ Call deposits £1,000 and over 13%.
§ Demand deposits 13%.
‖ 21-day deposits over £1,000 14%.
¶ Mortgage base rate.

Scrambling and unscrambling

RACAL-MILGO has developed a device that can prevent unauthorised line access to computer information by scrambling and unscrambling the date at up to 9600 bits/sec.

Known as Datacryptor 2, it can operate in full and half duplex transmission modes over dialled on leased telephone lines. Transmission may be synchronous or asynchronous.

The unit is able to cope with extensive network changes without retrofitting. A unit used for example, to encode the complex output of a multiplexer can be adjusted to work on a low speed synchronous dial-up link.

Lift trucks

IN OUR article on lift trucks (November 17, 1981) it should have been made clear the assertion that LancerBoss was market leader in the UK and fourth in the world applied only to the very top end of the market, trucks of 15 tonnes and above, with which the article was concerned.

Lansing Bagnall of Basingstoke is the clear leader in the overall UK lift truck market and a substantial performer in world markets.

aywood takes £10m

JDED IN new work just nced by Taylor Woodrow uction is a £6.2m scheme J. Sainsbury for the con- on of a supermarket, lub facilities and 26 flats. also takes in the rede- nent of the north end ter- f Crystal Palace Football There will be surface car g for 450 cars.

hitect for the project is e Watt Partnership in t with Sainbury's archi- nd engineers department. ity surveyors are Basil and Partners, consulting ers Allan Marshall and rs, with design and mech- services again by Sains- achitects and engineers. has started and is due for ng early in 1983.

A second award is from Townsend Thoreson Properties at £3.2m and involves the erection of a basement and five-storey office building with an attached three-storey industrial unit in Stukeley Street, London. This will be clad with curtain walling on two sides and the industrial section will be brick clad.

In Scotland the company has an £828,000 contract from Strathclyde Regional Council for the construction of a fire station and divisional headquarters at McFarlane Street, Glasgow. Work comprises erection of a single and part two-storey steel framed building on concrete foundations with a total floor area of 1,379 square metres incorporating offices in the two storey wing.

ementation awards

JRTHER contract from iaceutical maker Pfizer een announced by Cemen- Projects (CPL) which design and construct a ticated process plant on 's site complex at Sand- Kent. Worth just under he work is due to be com- in mid-1982 with sister ny Cementation Frank- arrying out piling work. er new work, bringing up awards to over £4.3m, covers a design and construct contract (£3.4m) for two giant fabricating sheds and ancillary works from Trafalgar House's Cleveland Offshore.

When completed, these will offer more than 280,000 cubic metres of covered facilities for Cleveland to fabricate North Sea structures. Civils will be undertaken by Cementation with sister company Hughes and Ellison of Liverpool providing the steelwork and cladding.

Period public lavatories in a Leicester back street have been imaginatively transformed with various shades of Alphatex IQ matt emulsion chosen from Sikkens Colour Collection 2021. Described by the locals as the best decorated "house of laughter" in the Midlands, the building creates *a highlight in the Leicester Festival*

Ground for space-age expansion

BY DEBORAH PICKERING

THE AZTEC WEST project—or the UK's answer to Silicon Valley with a difference—situated to the north of Bristol, is claimed to be one of Europe's most advanced industrial and office developments.

Germinating in the early 1970s, the concept reached reality early in 1979 when Electricity Supply Nominees (pension fund of the Electricity Supply Industry) on the advice of chartered surveyors, Richard Ellis, acquired a triangular piece of land with the intention of creating a high technology area of activity in the West Country.

But, unlike the giant industrial estate, Santa Clara Valley in California (considered to be the Mecca of chip technology to the exclusion of environmental qualities) Aztec West was designed, and has emerged, as a highly functional parcel of land with the boast that it is *believed also to be the* largest private landscaping project of the century.

Planning here has taken a half century look ahead which means that the buildings constructed today will fit into the landscape of the year 2,000 and beyond, and that the aesthetic quality of the area will not be *eroded.*

The development comprises about 1.5m sq ft of research and development, industrial and warehouse accommodation with ½m sq ft of "campus style" offices. Shops, banks, restaurants and leisure facilities will enhance the site and create a village centre for the highly skilled personnel expected to work there.

Wimpey has been contracted to construct the primary infrastructure, such as roads and services, now under way, and emphasis is on the preservation and maintenance of existing footpaths, trees and ponds. In addition to the existing vegetation, 1,100 maples, 250 London plane trees, 200,000 shrubs and 50,000 bulbs are being planted at this moment.

The overall concept of Aztec West has been rigorously maintained in terms of the design standards and acceptability and consultant architects, Nicholas Grimshaw and Partners, has worked hard to provide a set of *agreeable rules so that* future owner-occupiers wishing to retain their independent architects may *still have the* necessary flexibility to provide the highest quality of design and individuality.

Various options are available *to potential tenants, starting* with speculative units for immediate occupation from February 1982. Phase I has 180,000 sq ft.

Digital Equipment has chosen to lease a 30,000 sq ft office building with an option of a second 30,000 sq ft building to cater for further expansion. This deal was *signed just after* Hewlett Packard (which had shopped all round Europe for a site) announced its plans to develop 165 acres one and a half miles away from Aztec West. This will be HP's largest site after its U.S. complex.

Flexibility is the keynote of the Aztec West scheme—companies can grow on the same site by adding space and components, such as high insulation value interchangeable panels may be moved around and reassembled to alter office configurations.

Aztec West also offers permanent on-site management. *Each site, for example,* will be serviced by a central maintenance and landscaping unit, and there will be transport services and a central car sharing pool.

Letting agents are Richard Ellis, 6 Bruton Street, London W1 (01-408 0929) and Lalone Brothers and Parham, 64 Queens Road, Bristol (Bristol 290731).

Unit busy in North

A NEW parcels depot and offices for Securicor at Warrington is worth £1m to Unit Construction which has received new work worth £6.5m.

At Jones Farm Road, Gatacre, Liverpool the company will build an old persons community centre with 26 dwellings for Anchor Housing (£747,000).

Another £385,000 is for 13 industrial units in Pall Mall, Liverpool for Inner City Developments, and a £133,000 modernisation scheme is for Leeds City Council for dwellings in Gaythorne Terrace, Harehills. Two similar contracts are on the Swain Hou Estate, Bradford (£491,000) and Shirley Manor (£843,000) both for Bradford City Council.

In Scotland are three more contracts to construct a total of 155 dwellings and to undertake environmental improvement *works.*

lowlem arm wins £7m

OF Mowlem Group, t Ireland Construction has red a new batch of work a total value of £7m.

superstore for Tesco at bridge is worth £2.6m, and er similar exercise for the erative Wholesale Society eston-Super-Mare brings in 1.

ner contracts are a multi- y car park for the city of Winchester (£883,000); extensions to Natwest at Salisbury (£682,000); new school at Canford Heath for Dorset *County Council* (£384,000); warehouse for Farepak Hampers at Swindon (£413,000); workshops at North Star Swindon for Wiltshire County Council (£234,000); and refurbishments to 21 The Paragon, Bath for Knightstone Housing Association (£180,000).

ampaign for concrete

ONVINCE architects, build- designers, specifiers and ractors that pre-cast con- frames for buildings rve much wider use, a paign has been launched by nt Concrete Structures hasising the advantages of company's T6 method of ie manufacture and tion.

ent says that using T6 is fast and economic, does detract from design flexi- , and is highly competitive cast in-situ concrete or fire- cted steel frames, as on time is cut by two

n feature of the T6 d is a steel two-part n connector. Unlike pre-cast systems, the con- r can be included in any *n face at any point along* ngth.

itive steel to steel con- n is assured with these components — column cast into the column to cleats are bolted with n grip bolts, and beam cast in each end of the beam. For fire and corrosion protection, a small amount of in-situ concrete is applied after bolting.

This system allows floor levels, cladding sizes and column height to be completely flexible.

Pointing out that there is a low awareness of T6 with architects, quantity surveyors, structural engineers and speculative builders, Mr Mike Downing, Trent Structures sales manager, says: "Developers, however, have shown increased interest. The financial gains are considerable—we claim a shorter construction period, hence lower overheads on contracts. We believe our method is directly measurable in terms of overheads: an exercise only rarely considered.

"*Additionally, a shorter loan* period and the prospect of earlier rental income represent clear financial incentives," Mr Downing emphasises.

Details of the T6 system from Trent Concrete Structures on 0602 241331.

TONY FRANCE

What's new in building

NCHED AFTER a £1m stment programme is a ish-made blue/black slate e from integrally ured asbestos cement and lable in two metric sizes. mple to fix, they give an and attractive roof h suitable for new and ating for housing, munity and commercial lopments, says Tunnel ding Products, 16 Old en Street, London SW1 222 9080).

★

ULTING FROM co-opera- between university weastle) research and mercial enterprise is a luct destined for the ogical survey industry — lightweight portable

is requires no external ce of power as it com- es two permanently linked mblies: a hand held drill- unit and a framed power which contains the ce petrol motor, hydraulic p, oil reservoir and rol mechanisms.

ore from Victor Products llsend), West Chirton istrial Estate, North lds, Tyne and Wear (0632 35).

★

YBANK INSULATION'S insulation material meel has an unrestricted ement Certificate No. 308, qualifies for grants er the Home Insulation and is now available onally through a network pproved installers.

It is based on recycled waste paper and is a loose fill made from pulverised newsprint impregnated with fire retardant additives. The maker says Warmeel's insulating qualities are superior to many alternative products — 75 mm of the product is said to have the same U value of $0.4\ Wm^{-1}\,°C^{-1}$ as 80 mm of glass fibre roll. It is also non-corrosive, fire resistant, non toxic (with no irritating mineral or glass fibres), odourless, and discouraging to vermin or fungal growth.

More from Anchor and Hope Lane, London, SE7 (01-853 2502).

★

A SOLAR collector which can be built into double glazing systems or added to existing windows forming double glazing has been introduced by McKee Solaronics, 12 Queenborough Road, Southminster, Essex (0621 773535).

The inner glazed surface forms the solar collector and McKee's solar fluid is pumped through the inner polycarbonate glazed solar panel collecting energy while allowing light to penetrate.

Energy collected from the window can be stored to provide space heating and/or water heating, or dissipated out of the building to provide a comfortable environment, and, says the company, the system is able to collect energy even during the winter months.

Around the industry

K IS now underway on the Saudi-built reverse osmosis ination plant which, tak- vater from the Red Sea, will uce 2,300 cubic metres a day ortable water for the city l Birk.

e first Saudi company to such a construction con- Al Kawther, is working the French-based company, emont SA to design and neer the complete project duled to start next March. the heart of the plant will Du Pont B-10 and B-9 rmasep" permeators made urable, semi-permeable hollow aramid fibres. During treatment, high pressure forces pure water into the *hollow* fibre bore while salts and other minerals are rejected.

THE INSTALLATION of bacteria bed walls for a new nitrifying filter bed at the Avon Division Treatment Plant at Hartshill near Nuneaton has been completed by George Law of Kidderminster. Walls were constructed of 8 ft by 4 ft by .04 ins "Propylex" — extruded polypropylene sheet made by Courtaulds Acetate.

TELEVISION

BBC 1

9.08 am For Schools, Colleges. 10.00 You And Me. 10.15 For Schools, Colleges. 12.30 pm News After Noon. 12.57 Regional News for England (except London). 1.00 Pebble Mill At One. 1.45 Chock-A-Block. 2.01 For Schools, Colleges. 3.00 See Hear! 3.25 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Undercover Elephant. 4.25 Jackanory with David Hargreaves. 4.40 Jigsaw. 5.05 John Craven's Newsround. 5.10 Blue Peter.

5.40 News.
6.00 Nationwide (London and South-East only).
6.25 Nationwide.
6.55 Angels.
7.20 Blake's Seven.
8.10 Panorama: A special edition looking at the involvement of American businessmen and ex-CIA officers in Libya's world-wide terror campaigns.
9.00 News.
9.25 The Monday Film: "Monte Walsh," starring Lee Marvin and Jack Palance.
11.00 Film 81 with Barry Norman.
11.30 Speak For Yourself:
11.55-12.00 News Headlines.

Chris Dunkley: Tonight's Choice

Although **Blake's Seven** is not as far-fetched as "Dr Who" nor as full of moral rectitude as "Star Trek" and certainly not as entertaining as "Flash Gordon" it does seem to have managed somehow to become a fixture in the BBC1 schedule. If you have children, no matter what your choice may be tonight, I suspect that this will be theirs. Like all those other space series **Blake's Seven** *has a sublimely barmy line in costumes, the best being* reserved for Servalan, leader of the wicked federation forces and—predictably enough in this day and age—a woman.

Cliff! on BBC2 represents the beginning of the end for those of us in our mid-thirties: the pop music heroes of our youth, our own contemporaries, are now being served up as history. This is a four-part series tracing the admittedly unique career of Cliff Richard during the past 22 years, starting tonight with the release by Columbia of a single called "Move It." (Remember? It came out in September 1958.)

BBC 2

10.10 am Supervisors.
10.35 Speak For Yourself.
11.00 Play School.
11.25 Write Away.
1.55 pm A Woman's Place?
2.20 Let's Go.
2.35 Inside Japan.
3.05 Whistle Blowers.
3.30 Does School Hurt?
†3.55 Star Movie: "Born To Be Bad."
5.25 Under Sail.
5.40 The Five Faces of Doctor Who.
6.05 The Adventure Game.
6.50 Cartoon Two.
6.55 Living in the Past.
7.25 News Summary.
7.30 Tales of Twelve Cities.
8.10 Cliff!
9.00 Kelly Monteith.
9.30 Horizon.
10.20 George Shearing Plays Rhythm On Two.
10.50 Newsnight.
11.35-12.05 am Heute Direkt.

LONDON

9.30 am Schools Programmes. 12.00 Cockleshell Bay. 12.10 pm Rainbow. 12.30 Doctor! 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Farmhouse Kitchen. 2.00 Money-Go-Round with Tony Bastable and John Shenton. 2.30 Monday Matinee: "Then Came Bronson." 4.15 Tweety Pie. 4.20 The Scooby Show. 4.45 Theatre Box. 5.15 Diff'rent Strokes.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.25 Help! The Seven Setbacks of the Setbacks—Episode 7: "A Setback for Lily."
6.35 Crossroads.
7.00 Bullseye.
7.30 Coronation Street.
8.00 Astronauts.
8.30 World In Action.
9.00 Quincy, starring Jack Klugman.
10.00 News.
10.30 "From Here To Eternity: Natalie Wood and William Devane in Part 1.
12.20 am Close: Sit Up and Listen with John Julius Norwich.

† Indicates programme in black and white

All IBA regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. †2.30 Monday Film Matinee: "The Amorous Prawn." 5.15 University Challenge. 6.00 About Anglia. 6.30 Survival. 10.30 Anglia Reports. 11.00 A New Kind of Family. 11.30 The Monte Carlo Show. 12.30 am Reflection.

ATV

1.20 pm ATV News. 2.00 Rendezvous With Romance: "Loving In The Rain." 3.45 Money-Go-Round. 5.15 Joe 90. 6.00 ATV Today. 10.30 Left, Right and Centre. 11.10 ATV News. 11.15 The New Avengers.

BORDER

1.20 pm Border News. 3.00 Matinee: "The Death Train." 3.45 Money-Go-Round. 5.15 Survival. 6.00 Lookaround Monday. 6.15 Brain of the Border. 6.45 Travellers' Tales. 10.30 Lou Grant. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and weather. 2.00 The Monday Matinee: "The Initiation of Sarah." 3.45 Money-Go-Round. 5.15 Here's Boomer. 6.00 Channel Report. 6.25 School Report. 6.35 The Science Quiz. 10.28 Channel Late News. 10.35 240 Robert. 11.30 That's Hollywood. 11.55 News and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.00 Money-Go-Round. 2.30 Monday Matinee: "Sixty Glorious Years." 5.15 Mork and Mindy. 6.00 North Tonight. 6.30 Country Focus. 10.30 Cover to Cover. 11.00 The New Avengers. 12.00 Going Out. 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.30 Monday Matinee: Richard Todd and Peter Sellers in "Never Let Go." 5.15 The Flintstones. 6.00 Granada Reports. 10.30 Ladies Man. 11.00 The Monte Carlo Show. 11.55 Going Out.

HTV

1.20 pm HTV News. 2.30 "The Horse's Mouth" starring Alec Guinness. 5.15 The Flintstones. 6.00 Report West. 10.28 HTV News. 10.30 "Marriage of a Young Stockbroker."

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.45-5.15 Ser. 6.00 Y Dydd. 6.25-7.00 Report Wales. 8.30-9.00 Yr Wythnos.

SCOTTISH

1.20 pm News and road and weather. 2.00 Monday Matinee: "Kona Coast." 3.45 Money-Go-Round. 5.15 Diff'rent Strokes. 6.00 Scotland Today. 6.40 Crimedesk. 10.30 About Gaelic. 11.00 Encore for the Arts. 11.45 Golfing Greats—Severiano Ballesteros. 12.15 am Late Call.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 "Sidekicks" starring Lou Gossett. 3.45 Money-Go-Round. 5.15 Happy Days. 6.00 Day by Day. 6.30 Diff'rent Strokes. 10.35 Thriller: "The Double Kill." 12.00 Superstar Profile (Roger Moore).

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 2.30 Monday Matinee: "Say Hello To Yesterday" starring Jean Simmons. 4.15 Cartoon Time. 5.15 Happy Days. 6.00 North East News. 6.02 Three Little Words. 6.30 Northern Life. 10.30 North East News. 10.32 Briefing. 11.15 Lou Grant. 12.15 am The Three Faces of God.

ULSTER

1.20 pm Lunchtime. 2.30 Monday Matinee: "King Solomon's Mines." 4.13 Ulster News. 5.15 Joe 90. 6.00 Good Evening Ulster. 10.29 Ulster weather. 10.30 Ulster Landscapes. 11.00 Welcome Back Kotter. 11.30 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.00 The Monday Matinee: "The Initiation of Sarah." 3.42 Gus Honeybun's Birthdays. 3.45 Money-Go-Round. 5.15 Here's Boomer. 6.00 Westward Diary. 10.32 Westward Late News. 10.35 240 Robert. 11.30 That's Hollywood. 11.55 Faith for Life. 12.00 West Country weather and shipping forecast.

YORKSHIRE

1.20 pm Calendar News. †2.30 Monday Matinee: "Escapade" starring Alastair Sim. 4.05 Blowhard (animated parable). 5.15 Survival. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 It's A Vet's Life. 7.00 Bullseye. 10.30 Benson. 11.00 European Trick Billiards. 11.30 Run From The Morning.

RADIO

(S) Stereophonic broadcast
‡Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Stayin' Alive. 8.00 David Jensen. 10.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.03 pm John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News. 6.00 Don Durbridge (S). 8.00 Folk on 2 (S). 9.00 Humphrey Lyttelton (S). 10.00 The Law Game. 10.30 Star Sound. 11.00 Brian Matthew. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (cont.). 9.00 News. 9.05 This Week's Composer: Malcolm Williamson (S). 10.00 Vivaldi and Albinoni (S). 10.35 Clarinet and Piano (S). 11.30 Midday Concert (S). 1.00 pm News. 1.05 BBC Lunchtime Concert (S). 2.00 Matinee Musicale (S). 3.00 New Records (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 "Otello" sung in Italian. Acts 1 and 2 (S). 8.15 Livings. 8.35 "Otello" Acts 3 and 4 (S). 9.50 Chopin (S). 10.05 The Battle of Maldon (S). 10.30 Jazz in Britain (S). 11.00 News. 11.05-11.15 Busoni (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.30 Today. 8.35 The Week on 4. 8.45 Glyn Worsnip. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.02 Money Box. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way visits Chester. 11.50 Poetry Please! 12.00 News. 12.02 pm You and Yours. 12.27 What Ho! Jeeves. 12.55 Programme News. 1.00 The World at One. 1.40 The Archers. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.35 Piano Parlour (S). 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather: Programme News. 6.00 News. 6.30 The News Quiz (S). 7.00 News. 7.05 The Archers. 7.20 Start the Week with Richard Baker. 8.00 The Monday Play (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 am News.

The need for prison reform

THE WEEK IN THE COURTS

BY JUSTINIAN

CHARLES DICKENS once wrote, after visiting an American penitentiary: "I believe that very few men are capable of estimating the immense amount of torture and agony which this dreadful punishment, prolonged for years, inflicts upon the sufferers."

Until last week, those most qualified to estimate the impact of imprisonment on staff and prisoners had, in the traditions of the Civil Service, kept their silence. Only occasional outsiders from the media or a highly literate ex-prisoner gave an inkling to the public of what imprisonment is like.

The letter to The Times last Thursday from the Governor of HM Prison, Wormwood Scrubs, objecting vigorously to his presiding over an institution which he described as a penal dustbin that reflects the triumph of social policy over humanity, has deafeningly broken the silence. The public now knows from an unbiased estimator what is common knowledge within the prison service, among prisoners and a handful of penal reformers, that the present state of our prisons is intolerable.

The long term problem is the relentless overcrowding of our prisons. The immediate crisis is a struggle between the Home Secretary who seeks desperately to find a quick solution and the judiciary which is unwilling to concede its largely unbridled powers to determine who goes inside, and for how long.

The Home Secretary had earlier this year proposed to introduce legislation providing for automatic release on licence to all prisoners serving sentences of three years or less after they have served one third of their sentence. The calculation was that this would produce an immediate reduction in the daily average prison population of between five and seven thousand.

The judges reacted negatively to this proposal, on the grounds that automatic release from custody interfered with their independence, on behalf of the public, to declare the amount of liberty the offender should lose. The judge's opposition carried the implied threat that any such legislation would be counteracted by the courts stepping up their sentence lengths proportionately to the statutory reduction in time spent inside prison.

Faced with an unbending judiciary, Mr William Whitelaw turned to an alternative idea. This was to activate and extend a power in the Criminal Law Act 1977 to give the courts a new sanction, namely, the power to suspend prison sentences in part. At present a prison sentence of two years or less may be suspended, but if so the whole of it is not executed. The prisoner is during the period of suspension spared the taste of prison life.

The 1977 law was never implemented because administrators had advised Ministers that the effect might well be actually to increase the prison population. Magistrates, in particular, might see in the partially suspended sentence the benefit of inflicting short periods in prison when otherwise they would have felt bound not to pass a prison sentence at all (or at least a wholly suspended one). And even if that misuse of a new power did not increase the prison population it almost certainly would not have the major impact that was required in order to meet the present crisis in our prisons.

Overcrowding in prisons not only presents problems of control and security. It also poses practical problems to prison administrators which no amount of ingenuity will turn away.

Most of our major prisons were built in the middle of the last century. Victorian prison cells, which were designed for sleeping and working in, make ample single accommodation, but shared by three (as many have been for some years now) they are grossly overcrowded and even squalid. The presence overnight of three chamber-pots makes the situation indefensible.

Expensive solutions to the problem of slopping-out have been introduced in one or two of our new prisons. Albany Prison in the Isle of Wight has a system of electronic unlocking that allows a prisoner singly to leave his cell for the communal lavatory while others remain locked in. The new Holloway Prison for women has toilets provided in every cell. But there is no general solution in sight. The announcement for refurbishing a wing at Wormwood Scrubs does not even end the nauseous process of slopping-out.

Overcrowding permeates every aspect of prison life. Water supply, drainage, cooking facilities, workshop space, time within the day to allow recreation and educational activities are all inadequate.

Prisoners, moreover, face a loss of identity in the press of population. Individual attention becomes impossible when the numbers reach a point where staff can no longer cope beyond performing routine duties. The longer an inmate is subjected to unconstructive imprisonment (even supposing that prison does help some prisoners to avoid re-offending when released) the more intolerable is the punishment inflicted.

Separation from wife and family disrupts family relationships and renders resettlement on discharge difficult. The most serious disadvantage of imprisonment is that identification with a criminal community means a rejection of the standards of a normal society.

The aim of society must be to limit the defeating consequences of incarceration beyond what is absolutely necessary to mark out disapproval for unacceptable behaviour by the offender. Any satisfaction felt by the public in imprisoning the miscreant must be set aside the cost in suffering to the offender and to his family and the not inconsiderable cost of maintaining him in an institution that is calculated to breed re-offending.

It is for those reasons that su cessive committees ha uniformly advocated placi limits upon the use of impriso ment.

In recent months, there h been discernible a willingne by the courts to re-assess th sentencing policy and practi The Lord Chief Justice, Lo Lane, has broadly indicat that the Court of Appe (Criminal Division) will short sentences in cases of the le serious property offences, a even substitute monetary pen ties for prison sentenc wherever appropriate. Some the Lords Justices who presi in that court have be altogether more sweeping their decisions, by quite drast ally altering downwards t length of prison sentences.

But the activities of Appe Court judges have been patc There is no clear lead to low courts to make cuts across t board of all sentences. Son Circuit Court judges have re ponded to the general trend thinking towards reducing t incidence of imprisonment, b again the independence of in vidual judges has asserted its sufficiently to place a bra upon any wholesale revision prison sentences.

Magistrates, whose powers imprisonment are general limited to a maximum of s months, have also not whol captured the mood. Somethin more dramatic needs to com from the judiciary if overcrow ing is to be tackled witho intervention from Parliament.

Within the next fortnigh the Government will publish i Criminal Justice Bill. Th will indicate how the Gover ment is responding to the pre sures now bearing in on it fro the prison service to take de sive action.

If the Government does n respond, MPs are likely to b vocal in demanding chang Crime and punishment is topic that tends to cut acros party political lines. We ma even see a powerful lobby fo drastic change when the Bi goes to the House of Lord Peers may expect the Lor Chief Justice himself to com and explain the courts' attitu to the pressing problem prison reform.

RUGBY

BY PETER ROBBINS

New Zealand use the back way

THERE WAS general despair in France when New Zealand won the first Test in Toulouse. Selectors and players were criticised by the media and a public seeking success in the grand style. Why, it was being asked, did the national team perform so badly when the regional sides had done so well?

The answer in part is that the regional teams were better motivated and the All-Blacks could not field their most powerful side in every match. In Paris on Saturday, France lost 6—18 but to some extent restored national pride.

The match in Toulouse demonstrated that rugby at international and first-class level had reached a dead-end. There is an alarming sameness about the game today as I suppose there must have been 20 and 30 years ago. Ideas become fixed and there is a feeling of predestination in movements.

On balance the game has evolved for the better but today it seems much more physical, with the emphasis on defence rather than the development of attacking talent. The fundamental criteria have not really changed and each match depends on good forward play for its outcome. Clearly good techniques must be applied but on Saturday, the colossal gulf was in pure physical fitness.

Saturday's match also underlined the pre-eminent role of the back row with the new tackle law. New Zealand were fortunate to have Mexted, Shaw and Mourie as their trio and they were outstanding. Mourie seems umbilically attached to the ball and made the field look crowded. I often think that there are too many people on the field but it is alleged to be a player's game. However, we are all quick enough to complain if the game is played in a style of which we disapproved.

Given this brilliant trio and the extraordinary application of Haden, Spiers and Dalton, New Zealand finally dominated in every phase. Loveridge and Rolleison had plenty of time for their options and it was good to see New Zealand counterattacking so quickly with Stone and Wilson.

The side have quickly achieved a splendid collectivity. The pattern does not really change; they induce error and wait to attack only when they are sure it is to their advantage.

France badly missed Rives and Lacans on the flanks because Joinel is not the same without them. Joinel had to bear an insufferable burden in general play and once he was out of the game France's forward effort faltered.

Dintrans and Lorieux fought bravely and the French pack won some good possessions but Berbizier at scrum half had a lamentable day. The inex perience of Rodriguez an Erbani in the back row was onl too apparent. Without a secur fulcrum, France had to attac as and when possible and it was often with disastrous conse quences.

Mesny, so talented in attac and defence, gave Wilson a so interception which with th conversion gave New Zealand a unassailable lead. This was no entirely typical but there wer other close shaves.

France finally had neither th physical not mental reserves o New Zealand, with the notabl exceptions of Blanco an Gabernet behind. But the should do well this year i the championship, given tha they realise as they have in th past that their style of pla needs discipline of technique t succeed. Which brings us back to the axiom that forward powe rules. Must it always be so?

SOCCER

BY TREVOR BAILEY

Club lesson for the World Cup

ALTHOUGH England qualified for the World Cup finals in Spain this summer, beating an unimpressive and strangely-unambitious Hungary by a somewhat fortuitous goal at Wembley last week, their performance was no more than utilitarian.

They will certainly need to play better if they are to make any real impression in the later stages of the competition and Ron Greenwood has another five matches to find the most efficient blend from the talent available.

England used the 4-4-2 formation with Mariner and Keegan as double spearhead. Both worked very hard and they must have been on the receiving end of nearly 80 per cent of all the passes which threatened danger.

They were always trying to create openings by darting runs off the ball. Nevertheless, one felt that Mariner was missing his clubmates—the physical strength of Ipswich partner, Brazil, the presence of Gates, who feeds off his two front runners, and the width provided by his two Dutch half-backs.

On Saturday two of the best First Division teams, who both employ the basic England system with two front runners, met at White Hart Lane, where Tottenham Hotspur deservedly beat Manchester United 3—1 to go second in the league with two games in hand.

There was little to choose between the respective pairs of strikers; Stapleton and Birtles, the most expensive in the business, and Spurs' Crooks and Archibald, who were last season's most prolific scoring duo (though the latter were confronted by a less secure and determined defence).

It was intriguing to compare the two midfield quartets with that of England. Against Hungary Coppell on the right caused many problems when he pushed forward as a winger; McDermott remained largely ineffective: Robson provided the line with teeth, covering and energy as well as skill, and Brooking was always dangerous in possession.

On paper the United half-back line with Coppell, Robson, the highly priced and talented Moses and Wilkins, now back to his best, looks far more impressive than that of Spurs, but on Saturday the home foursome was more enterprising and provided the larger number of openings, though the visitors were without Coppell, replaced by McIlroy on the left flank.

Tottenham's Ardiles is a world-class player and his club-mate, Glenn Hoddle looks one too, though not so far for England. Hoddle has the ability to beat an opponent, or opponents.

The differences between the midfield lines of Spurs and United from that of England were that the club sides' attacks were on a much broader front and someone usually managed to be up with the front runners, as distinct from set pieces.

For Spurs, the lively Hazard was nearly always on hand to provide Crooks and Archibald with support, while on occasions both Wilkins and Robson worked themselves into potential scoring situations ahead of the two strikers.

If England are to score the necessary goals against some of the best organised defences in the world, they will need to do likewise. Keegan is a great player, but last week one felt that England were over-dependent on him for inspiration.

Celtic Ryde again

RACING

BY DOMINIC WIGAN

ONLY FOUR remain from the 12 who came up for the final declaration stage to today's Thorpe-Satchville Hurdle. However, what the Leicester race lacks in quantity it more than makes up for in quality with Hopeful Shot receiving 4 lbs from a trio consisting of Celtic Ryde, Birds Nest, and Starfen.

Celtic Ryde will always find one or two too good for him when it comes round to Cheltenham in March. But a race such as today's, with its small field and the likelihood of a slow early pace, is made for him. Impressive in scoring on his seasonal debut, Celtic Ryde should be able to make his finishing pace tell against his old adversary Birds Nest.

An hour before the Thorpe Satchville, last year's heavily backed disappointment for that event, Millliondollarman, will be a warm order for the Leicester Silver Fox.

Leading Artist, who goes for the Round Oak Novices Chase, created the biggest turnup in the Midlands last season when making all his own running to win a novice hurdle at Warwick 14 months ago at odds of 100-1.

LEICESTER
12.45—Saucy Sergent
1.15—Wyton Bar
1.45—Milliondollarman
2.15—400 Nocte
2.45—Celtic Ryde
3.15—Ribo Charter

WINDSOR
1.00—Ro's Owen
2.00—Uther Pendragon**
3.00—Leading Artist***
3.30—York Terrace*

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Unhappily, a cheaper Sony may only look a bargain ı the shop. Once people get one home, they can find it oesn't work properly.

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THE MANAGEMENT PAGE

BY CHRISTOPHER LORENZ

A hiccup in merger policy

David Churchill on the implications of Government's action on the Woolworth takeover of Dodge City

GORDON BORRIE, Director-General of Fair Trading, was last week put into something of a quandary by the Government's decision to ignore his advice and let the Woolworth takeover of the Dodge City do-it-yourself group go ahead without an inquiry by the Monopolies and Mergers Commission.

John Biffen, the Trade Secretary, had been advised by Borrie that the merger be referred in line with Borrie's new policy to take a more critical look at any mergers which increased retail concentration.

But, for the first time in two years, Borrie's advice was overturned by the Government mainly, it is understood (although not confirmed by the Department of Trade), because the possibility existed that jobs would be lost in areas of high unemployment if the deal did not go ahead.

Biffen's pragmatic response to the merger has thrown into confusion the merger policy that Borrie was attempting to establish in the vacuum that has existed in official attitudes towards takeovers in recent years.

Had the Woolworth-Dodge City merger been referred, then the takeover would have been the ninth such reference this year—a record in the 18 years of merger control in the UK. More important however, it would have firmly established one distinct strand in the three-pronged merger policy that Borrie has evolved this year.

The three types of merger on which Borrie and his OFT officials have taken a tougher line this year are: conglomerate or diversifying mergers; mergers where political or economic considerations are more important than the merger's effect on competition; and mergers involving wholesaling or retailing companies.

The most radical policy shift has come in Borrie's determination to take some action about the growing concentration of power of retailers and wholesalers.

Earlier this year the Monopolies Commission produced, after four years of effort, a disppointing study of the effects of discounts granted to retailers by manufacturers—a result of retailer power. This report broadly concluded that such discounts should not be outlawed since they generally led to lower prices to the consumer.

The commission is clearly uneasy with this type of general reference and Borrie's own opinion is that the commission "is always in a much better position to look at specific cases, especially mergers."

The report, however, gave Borrie a clear hint that he should take a critical look at any mergers in the retailing and wholesaling sectors which were likely to lead to increased concentration.

This hint, plus Borrie's belief that the power of the retailer and wholesaler may be too strong in relation to the manufacturer, led him to await a suitable merger case to refer to the commission. "I could also have decided to investigate a specific case of anti-competitive behaviour under the Competition Act, but we have not been given any evidence so far of such a case," he adds.

Thus Argyll Food's bid for Linfood Holdings became the first test-case of the new policy towards such mergers—and the effectiveness was shown by Argyll's decision, within 24 hours of the merger referral being made, to pull out of its bid.

Borrie's decision to refer the Woolworth-Dodge City merger is understood to have been taken because of the effect on the DIY market of one large retailer — Woolworth—substantially increasing its market share through acquisition. Last year Woolworth also hought the B and Q chain of DIY outlets.

Growth in the DIY market has become sluggish because of the recession and there is fierce competition between retailers. One particular concern of any independent DIY chain is that the large retailers are more easily able to negotiate discounts with manufacturers and thus can squeeze small retailers out of business.

Borrie wanted the Monopolies Commission to be given a further chance to study this issue so that the commission could determine the public interest issues involved. (The commission, paradoxically, is likely to have already gone some way to strengthening the power of large retailers by deciding in a forthcoming report that Ti Raleigh's refusal to supply some retailers may be against the public interest.)

With the Argyll-Linfood investigation now called off, and with the Government's decision not to refer Woolworth/Dodge City Borrie is more than likely to refer the next major merger in the retail or wholesaling sectors—unless Biffen can be persuaded otherwise by the companies involved.

The second shift in policy this year has arisen from the Enserch-Davy merger—which was blocked by the commission—and the two bids for the Royal Bank of Scotland. "We have evolved a policy that in certain important mergers—important for Britain and the economy—where there are little or no competition issues, then the bid may still be referred for other sound economic reasons," says Borrie.

Borrie points out that the eventual commission report on the Enserch-Davy merger fully justified his decision to refer it. even though on straightforward competition grounds there was no reason to do so. A similar approach was adopted for referring the bids from Standard Chartered and the Hong Kong and Shanghai Banking Corporation for the Royal Bank of Scotland. The commission is likely to issue its judgment on this report in early January.

The third strand of the new merger approach—covering conglomerate or diversifying mergers—is perhaps the easiest for Borrie to implement since it was given direct sanction in the statement by John Nott the then Trade Secretary, last year. Nott said that companies which were merely "shopping around when flush with funds might lead to a diminution of competition and no evident efficiency gain."

Conglomerate mergers, between companies in different sectors of business, may look harmless enough since there is no obvious monopoly involved. But, in practice, market power can be strengthened by the combination of the resources of two companies.

Borrie started his more critical look at conglomerate mergers last year with the referral of the Blue Circle-Armitage Shanks merger, which was eventually given the go-ahead by the commission. This year he emphasised his policy by referring Lonrho's contested bid for the House of Fraser (the report is due early next month) and, recently, BTR's acquisition of Serck (although this had features of a horizontal merger as well as conglomeracy).

Does this mean that virtually all diversifying mergers will face a commission inquiry? Not necessarily, says Borrie. "But if you buy a company not in your field, which already has a number of existing monopolies and where there are various possible connections, then certainly it is one which this office is going to consider very closely."

Companies are able to get confidential advice from the OFT or Department of Trade on whether a merger might face referral, although they will not get an absolute decision.

The significance of the shift initiated by the OFT is that it fills some of the vacuum over merger policy that has existed for the past few years.

Neutral

Some form of investigation and control of mergers has existed in the UK since 1965 but the main legislation involved at present is the 1973 Fair Trading Act (which created the OFT). By the late 1970s, however, concern over the effect of increased concentration in British industry led to the setting up of an internal Whitehall committee to study possible changes in monopoly and merger laws.

The committee's report, published in 1978 as a Green Paper, recommended that the basic presumption that mergers are beneficial should be altered to reflect a neutral attitude towards their effects.

The change in government in 1979 meant that it was not until the summer of last year that Nott felt able to respond to the previous administration's Green Paper. In a fairly bland statement he rejected the call for a shift to a more neutral approach to mergers. Instead, he suggested that there should be a more sceptical look at the supposed benefits from mergers by both government and the companies concerned. Conglomerate mergers in particular deserved closer scrutiny, he suggested.

Nott's comments disappointed many in industry who had hoped for a clearer framework of merger policy to be laid down although Borrie disagrees with these critics.

"The Secretary of State's statement was as helpful as possible given the broad legislative basis under which the competition authorities have to work," he says.

Yet what Nott's statement did was to clear the way for the OFT to evolve a firmer policy about certain types of merger. What it still needed, however, were the merger cases through which to implement the policy.

"There has been an evolution of policy in 1981 not out of a new law or a new policy speech by the Government but in an inductive way arising from new cases that have come up," says Borrie.

The Government's decision to overturn Borrie's advice on Woolworth-Dodge City does not mean any new Government-inspired merger policy but reflects the Trade Secretary's ability to treat merger cases on pragmatic grounds. But Biffen is believed generally to accept Borrie's policy shifts.

Borrie points out that he is fully justified under the "public interest" criteria of the mergers legislation to refer mergers for virtually any reason. But in the past, referrals have tended to be made mainly because of concern over the harmful effects to competition of a merger.

With the new more aggressive approach Borrie acknowledges that "clearly, I am going to have to be very cautious in making such referrals." He adds that "I shall want to be on very strong ground before recommending a merger where there are no strong competition reasons."

SIXTEEN YEARS OF DECISIONS

Year	Merger	Decision
1965	British Motor Corp/Pressed Steel	Not against the public interest
1966	Ross Group/Associated Fisheries	Against the public interest
	Dental Manufacturing/Amalgamated Dental	Not against the public interest
	Dentists Supply of New York/Amalgamated Dental	Not against the public interest
	Guest, Keen and Nettlefolds/Birfield	Not against the public interest
	British Insulated Callender Cables/Pyrotenax	Not against the public interest
1967	United Drapery/Montague Burton	Against the public interest
1968	Barclays Bank/Lloyds Bank; Barclays Bank/Lloyds Bank and Martins Bank (combined report)	Against the public interest
	Thorn Electrical/Radio Rentals	Not against the public interest
1969	Unilever/Allied Breweries	Not against the public interest
	Rank Org./De La Rue	Against the public interest
	Marley/Redland	Proposal abandoned
1970	Burmah Oil/Laporte Inds.	Proposal abandoned
	British Sidac/Transparent Paper	Against the public interest
1971	Reed Int./Bowater Paper	Proposal abandoned
1972	Beecham/Glaxo	Against the public interest
	Boots/Glaxo	Against the public interest
	Sears Hldgs./William Timpson	Proposal abandoned
1973	Tarmac/Wolseley-Hughes	Proposal abandoned
	Glynwed/Armitage Shanks	Proposal abandoned
	Whessoe/Capper-Neill	Proposal abandoned
	British Match/Wilkinson Sword	Not against the public interest
	Bowater/Hanson Trust	Proposal abandoned
	Davy International/British Rollmakers	Against the public interest
1974	London and County/Inveresk	Proposal abandoned
	Eagle Star/Bernard Sunley Investment Trust and Eagle Star	Not against the public interest
	Charter Consolidated Investments/Sadia	Not against the public interest
	Sears Holdings/Nottingham Manufacturing Company	Proposal abandoned
	NFU Development Trust/FMC	Not against the public interest
	Dentsply International/AD International	Not against the public interest
1975	H Weidmann/B S and W Whiteley	Not against the public interest
	Norvic Securities/W Canning	Proposal abandoned
	European Shipholdings/Furness Withy and Manchester Liners	Against the public interest
	Amalgamated Industrials/Herbert Morris	Against the public interest
1976	Pilkington Brothers/UK Optical and Industrial Holdings	Against the public interest
	Babcock and Wilcox/Herbert Morris	Against the public interest*
	Freuhauf/Crane Freuhauf	Not against the public interest
	British Petroleum/Century Oils Group	Against the public interest
1977	Provident Financial Group/Cattle's (Holdings)	Proposal abandoned
	Associated Engineering/Serck	Proposal abandoned
	Sketchley/Johnson Group Cleaners	Proposal abandoned
	Smith Bros/Bisgood Bishop	Not against the public interest
	Rheem International/Redfearn National Glass	Proposal abandoned
	Rockware Group/Redfearn National Glass	Against the public interest
	United Glass/Redfearn National Glass	Against the public interest
	Derritron/British Electronic Controls	Proposal abandoned
1978	Lonrho/Suits	Not against the public interest
	Hepworth/Johnson	Proposal abandoned
1979	GEC/Avery	Not against the public interest
	Merck/Alginate Industries	Not against the public interest
1980	Hiram Walker/Highland Dist.	Against the public interest
	Blue Circle/Armitage Shanks	Not against the public interest
	S & W Berisford/BSC	Not against the public interest
	Europcar/Godfrey Davis	Not against the public interest
	Grand Met/J. Coral	Proposal abandoned
1981	Enserch/Davy	Against the public interest
	BR Hovercraft/Hoverlloyd	Not against the public interest
	Lonrho/House of Fraser	Report awaited
	European Ferries/Sealink	Report awaited
	Royal Bnk. Scotland/Standard Chtd.	Report awaited
	Royal Bank Scotland/HK Shanghai	Report awaited
	BTR/Serck	Report awaited
	Argyll/Linfood	Proposal abandoned

*The Commission concluded by a majority of three members to two that acquisition of Herbert Morris by Babcock and Wilcox would be contrary to the public interest. Since there was not a two-thirds majority, the Secretary of State had no powers to take action.

Management abstracts

The automated factory. G. Ayionitis and S. Parkinson in Management Today (UK), May 81: p. 74 (5 pages, charts, table)

Seeing numerically-controlled machines as the first step towards the "automated factory," reports how named companies (mostly U.S.) have integrated computer-related technologies and production processes; describes equipment in use, but argues that there is a backlog of unapplied technologies that lend themselves to manufacturing operations.

Company training centres. W. A. Green in Perspective (U.S.), Autumn/Winter 80: p. 33 (4 pages, table)

Distinguishing between conference centres and company-owned training centres, describes the characteristics of the latter, and discusses criteria for judging their viability; advises on location, design, and policy/management. Mentions named companies with such centres.

Pitfalls of corporate venturing. N. D. Fast in Research Management (U.S.), Mar 81: p. 21 (4 pages, charts)

Refers to failures of industrial venture groups within named organisations and to the reported successes of independent "venture partnerships;" attributes the latter's accomplishments to their structure, financial bases, and management quality; suggests how large companies can learn from them.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (including VAT and pa and p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

THE ARTS

ward

utyens—the architectural lion

by GILLIAN DARLEY

Sir Edwin Lutyens, archi- was "building with wit." oth in the sense of a intelligence and an nt humour. Lutyens had supply. But the other that cannot fail to strike itor to the Arts Council ion at the Hayward Gal- quite simply, architec- s art. The overwhelm- iievement of the exhibi- voted to his work is that two most compatible of architecture, the ind the art, have been ed to the apparently in- ble walls of an art . Sir Edwin Lutyens is chitect-hero, but this is it is the celebration of cture that has long been as a public event.

itecture is notoriously display. It requires aids. icular three dimensional et a forest of models is ough and if an exhibition ely an assembly of two ional representations— hy not stay at home with book on the subject? hen, with the setting of chibition that the onus lie. Architect Piers whose own work is table for its wit, was an d choice as designer.

key to the Lutyens ex- n, equally to its design ontent, is the combina- delight and complexity. he dour spaces of the rd have been woven a ice of events, the evolu- f style and the progress architectural career. are brought into being flickering procession of with trick of eye and oint, with subtleties of ind by the use of motifs , as Lutyens would have appreciated; act both as of reference and points parture.

Surrey Picturesque, utilitarian by his under- ng of the functional and ional buildings of the ryside and above all by his understanding of the craft of making those buildings, was the diet of Lutyens' teens. The meeting, in 1889, with the formidably accomplished Miss Gertrude Jekyll (she 45, he 20), was arranged in heaven. She became a client and as they worked together on her house, Munstead Wood (1893-7) a great partnership (and friendship) was sealed. There were strong disagreements: "My house is to be built for me to live in and to love; it is not to be built as an exposition of architectonic inutility," she expostulated. No acquiescent client, this one.

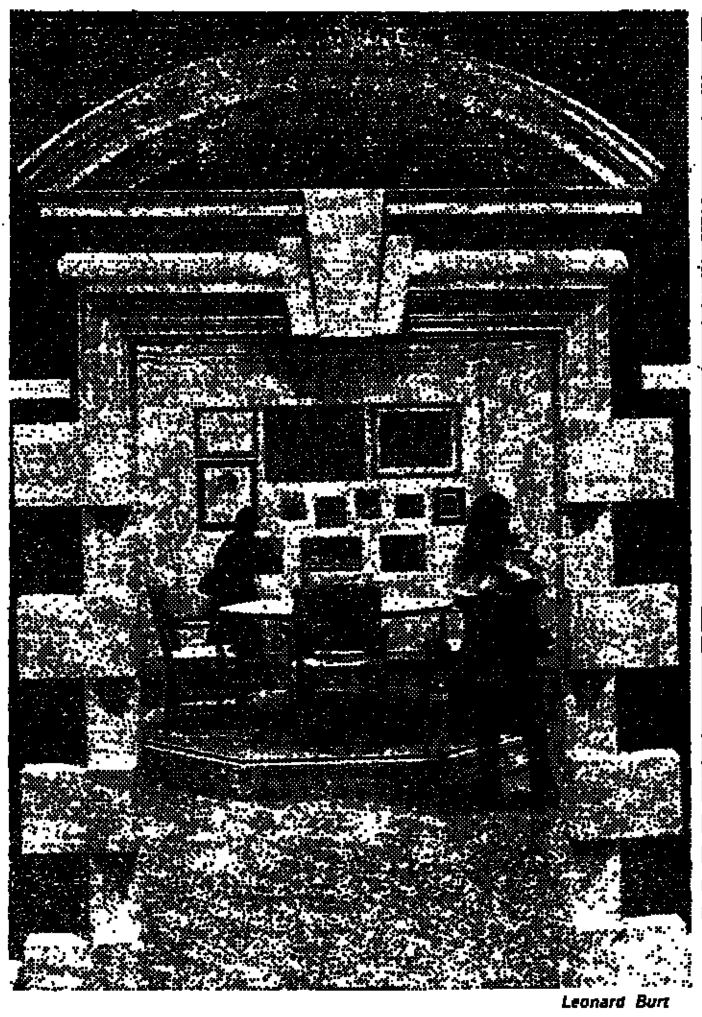
In the early 1900s Lutyens built up a flourishing practice—as a society architect. As the Scottish architect Robert Lorimer so perceptively noted, "... he's evidently right in with the right lot of people ... what a God's mercy that for once in a way these people have got hold of the right man and what a thing for England." One such was Edward Hudson—founding father of *Country Life* magazine. The country houses up to 1906 represent an unshakable confidence in Lutyens' ability to deal with often unfamiliar materials — for example, the great chalk blocks of Marshcourt or the slivers of Roman tile at Tigbourne Court —with as much dexterity as he applied to plan, internal or external.

The buildings reach for their surroundings with probing garden walls and fingers of paving, the surroundings trickle back towards the houses through courtyards, loggias and paved terraces. With Jekyll planting, the interplay between the two was perfected. (Miss Jekyll's garden plans, exiled to California, are at present on show at the Architectural Association, 34-36, Bedford Square. They are complemented by some of her work, for she was a craftswoman in silver and embroidery, and by a selection of her photographs.) Lutyens' work up to 1906 is displayed in a golden garden courtyard. Miss Jekyll's favourite plants and garden seats are enclosed with garden walls, topped by giant ball finials. The mood is complete.

Then the pattern began to change. New styles, Mannerist classicism and Georgian, were taking Lutyens' fancy. Previously he had added a classical element here and there, often merely in order to play with it such as the "lost" typanum at Homewood. Now sleight of hand began in earnest. His planning, often dealing with enormously complex structures, became ever more masterly yet, often, the rooms themselves were surprisingly mundane. Lutyens' career was already laying traps for him. The brilliant play of paradox could become inconsistency.

After the First World War his clientèle was gone. Yet Lutyens was now an architectural lion, acting far less humbly than Giulio Romano at the court of Gonzagas. Classicism slipped into Bankers' Baroque, often façades slapped onto the front of other men's buildings. The stark forms of the earlier castles became the insulting nonsense of the Westminster housing estate, covered with chequer board patterning. Yet despite lapses in judgment, the result of professional pressures which took him into consultancy, there were still the War Memorials (here and in France), and the "small matters" of New Delhi and Liverpool Cathedral.

The exhibition has prompted the timing of two new books, although its own catalogue should not be overlooked in this company. Roderick Gradidge's *Edwin Lutyens: Architect Laureate* (George Allen & Unwin £13.95) is written by an architect who knows many of Lutyens' buildings intimately (he is also a member of the exhibition committee). His approach is to guide the visitor around on a perceptive tour: it is an approach which has its problems, unless the reader is familiar with at least some of the background, but the book demonstrates a thorough and loving understanding of Lutyens' work.



Leonard Burt

General view of one of the exhibition galleries.

Fortunately, too, this time Roderick Gradidge spares his readers too much of his championing of Lutyens as the St George who slayed the Modern Movement dragon.

The second book is a massive one. *Indian Summer; Lutyens, Baker and Imperial Delhi* by Robert Grant Irving (Yale, £20) is an account of the British Imperial swan-song, the result of which was a tenancy of 16 years in a new Indian capital. For an introduction to this subject I would direct you to the Arts Council film (to be seen at the Hayward), then to the dust-red room at the exhibition and finally, to Irving's book.

The last words upon Lutyens, I leave with my colleague, Colin Amery, in whose chair I sit this week for obvious reasons, since he was chairman of the exhibition committee. To quote from his introduction to the catalogue: "Lutyens was concerned to discover a universal truth in architecture's reflexion of life. Life meant more to him than abstract values. He applied his own inexhaustible powers of invention to a continuation of the ideals of the Rennaissance, making humanity the basis for the development of the forms and language of architecture."

eefe Centre, Toronto

Napoli by CLEMENT CRISP

at Peter Schaufuss has to the National Ballet of la in his staging of *Napoli* masterpiece refurbished. d, and skilfully adapted new circumstances, with- ss of its moral force or ssential joyous grace. as preserved in Copen- in uninterrupted per- ice since 1842, is the st of the genre pictures August Bournonville it back from his travels. ited Naples in 1841, was l over by its bustle—"in ; everything is intensi- he wrote — and on his to Copenhagen trans- to the stage the vivid rich he watched from his v or knew from excur- to the Blue Grotto and entecost festivities at Virgine.

r Schaufuss's task was to ve all this bubbling life sing a production — the North America — for forces, a larger stage, r a company and a public l either to the dramatic ce manner of this master *ballet d'action*. He has hantly succeeded, and so he artists of the National of Canada. Aggrandised expanse of the O'Keefe this is Export Bournon- ut Bournonville none the

When the curtain goes up on the bubbling life of the pier of Santa Lucia; we enter at once into Bournonville's world, thanks in no small part to David Walker's excellent verismo design: the staging is a complete success for him as for Schaufuss. The detail of characterisation, the swift parade of peasants and fisherfolk, the religious procession and the chaffering over prices, the ballad singer and puppeteer and tourist families, pass before our eyes, and the scenes Bournonville so lovingly describes in his memoirs live again.

Schaufuss's achievement has also been to respect that crucial balance—central to Bournonville's art—between the elements of character and dance. The working out of the dramatic action as resolution of a moral dilemma is the heart of Bournonville's procedure; the *feu de joie* of dance in *Napoli's* final act is an affirmation of joy which crowns the narrative when Gennaro and Teresina have been reunited thanks to Gennaro's faith in a medallion of the Virgin. It is this moral resonance which *must* be made clear in any Bournonville staging, and it is to Schaufuss's great credit that he has respected this quality in his revision of the vexed second act. For many years this scene in the Blue Grotto, where Teresina falls victim to the sea-sprite Golfo, is turned into a naiad and only restored to Gennaro by his belief in the power of the holy medallion, was avoided by members of the Copenhagen audience who preferred to take themselves to eat rather than be bored. (It earned the title of "Bronnums' act" from the name of the restaurant).

Schaufuss has provided a sensitive re-thinking of this scene by turning it into a dream-sequence. Gennaro falls asleep in the Grotto, where he has come in search of Teresina: he has a vision of Teresina, sees her turned into a naiad and is tempted by her to become a sea-creature too. But the power of the holy medal dissipates the lure of this otherworldly and dangerous eroticism; sanity, decency triumph as he wakes from his sleep and discovers Teresina safe and sound. With musical cuts opened; with new, "after-Bournonville" choreography, the act gains in dramatic stature and importance, and the moral issue is still made clear, if only in dream terms.

With the lovers united, there comes the dance explosion of the last act. The Canadian artists, who had earlier shown a lively appreciation of Bournonville playing, have here been inspired into giving the finest performances I have ever seen from them. The *pas de six* (which is in effect a *pas de any - number - you - care - to - think - of*), the interpolated *Flower Festival duet* now set for Gennaro and Teresina, the tarantella, the whole fizzing, dizzying succession of dances, are done with the brightest and bounciest interpretations. Across the bridge that spans the setting stand the children of the National Ballet's school in approved Danish fashion. Down below, the leading members of the company launch themselves joyously into every step, and look tremendous.

At two of the performances I saw last week Peter Schaufuss and Karen Kain were the young lovers, with Schaufuss magnificently at home as Gennaro—sincere in playing, radiant in dance—and Karen Kain never better as Teresina. A demi-caractère sweetness in drama, light and fleet dancing (and truly Bournonvillian feet in their quickness and easy strength), make Miss Kain an enchanting Neapolitan beauty.

For the two plum character roles of Peppo and Giacomo, Teresina's comic suitors, we *had* Niels Bjorn Larsen and Alexander Grant, and one could not ask for better: Grant's florid bluster and some vivid reminders of his Barber in *Mam'zelle Angot* are superbly set against Larsen's wily, sharp-featured wit. (Larsen also appeared, preposterously funny, as the ballad-singer at one performance, with brilliant support from Robert Cole as his drummer). And in the sextet and tarantella the artists of the National Ballet looked stylish and ebullient: the ballerinas Mary Jago, Veronica Tennant, Vanessa Harwood and Nadia Potts were all charm; the bounding David Nixon, William Stolar, Kevin Pugh, and Anthony Randazzo variously showed that proper "mainly joy" which Bournonville so valued.

At one other performance I saw Veronica Tennant as a most intelligent Teresina, bringing warmth and sensitivity to the dances, in partnership with Raymond Smith. Mr Smith is a gifted young premier danseur, but he has yet to open out dramatically or technically to the challenge of Gennaro's role: his manner was too reserved, too noble. The brightness he showed in the sextet is needed *to fire his characterisation. No* lack of fire in tthe National Ballet's presentation of this masterpiece, however: the company has never seemed better. *Napoli* is a grand achievement.

Lyric Studio, Hammersmith

Trafford Tanzi

by ROSALIND CARNE

A professional wrestling ring occupies the acting area. We are about to witness a clash between women's champion Trafford Tanzi, and her husband, the "ever popular" Dean Rebel. Winner gets a career, loser gets to be a housewife.

The fight metaphor begs the crude approach. And though it is impossible not to admire Stan Pettigrew's choreography and the prodigious knockabout skills of the cast, it is equally possible to be mildly bored by the result.

A dapper referee (David Fielder) invites us to examine the roots of the conflict. "I wanted a boy" croons Mum (Victoria Hardcastle) as baby Tanzi (Noreen Kershaw) romps like a rubber doll and dribbles down her pink nylon. Mum wins the first round. Her victory is followed by that of a younger, equally dangerous female adversary, Tanzi's six-year-old chum, Platinum Sue (Eve Bland).

Tanzi grapples and twists her way through childhood, enduring countless painful thuds, as well as the more refined tortures of the school psychiatrist. Deciding she wants to go out to work, she gets as far as the chip shop, where she meets Rebel, a nasty little spider in a leather studded jock strap. Following an energetic courtship, Tanzi is overpowered, and finally married. He is an aspiring wrestler, she helps him train and cooks his meals. Only when she too seeks public fame does she begin to hold her own between the ropes.

This Traverse Theatre production from Edinburgh is written by Clair Luckham and directed by Chris Bond, with design by Ellen Cairns and lighting by Colin Scott. They are a talented team. The dialogue and song lyrics (to electric organ) are terse and snappy. The actors exhibit much exuberance and physical abandon. I particularly liked the flashy, punk costumes. But the show lacks mental excitement. A single visual idea is allowed to dominate and smother imagination. The story has been told before and adds nothing to the Women's Theatre Group's pioneering efforts. Indeed, despite the stylistic invention and slapstick humour, it actually takes a step back. I thought we had progressed beyond aspiring to beat men at their own aggressive games.

★

An afternoon with my seven-year-old nephew took us to a less intimate but no less impressive struggle between male and female, *Beowulf the Dragon Slayer*, at the Unicorn Theatre. Beowulf beats Grendel's monstrous mother as he does the sea serpents, the dragon and Grendel himself. Christopher Sandford's workmanlike adaptation wastes no time on poetry and we are left with a fairly tedious heroic/sexist yarn. But there are a few comic moments, splendid puppets, and a lovely blue-silver design by Vicki Le Sache.

Finally, a correction. In my review of *The Dog Beneath the Skin* on Friday, I wrote "mid-war." As the play was first performed in 1936, I should have written "pre-war."

ICA Theatre

War Crimes

by MICHAEL COVENEY

Most extraordinary goings on at the ICA. For the first time we see that the theatre is just one huge rectangular room, something like an aircraft hangar. The audiece occupies about a third of its area. We gaze at a large, spookily impersonal space: filing cabinets and refrigerators line the walls. The walls, in turn, are covered with tin foil, a strange skyline pushing up the roof. The actors come at us over long distances, trapped in the void, movig abruptly and glacig over their shoulders.

The show, directed by Tim Albery and Ian Spink, designed by Antony McDonald, is an adaptation of a short story by Peter Carey, the Australian writer considered by many to be the most exciting new fictional talent since Ian McEwan. Like McEwan, he excels at strange, nightmarish scenarios compressed within 30 or 40 pages. *War Crimes* is a first-person account of hippie capitalism, entering surely "its most picturesque phase."

The narrator, a scruffy desperado with alarmingly ambivalent attitudes towards power and success, has taken over an ailing fast food business along with the exotic Barto, an armed Indian dope-head with a green streak in his hair. Karl Johnson and Matthew Scurfield make a remarkable duo: the one haunted, vitriolic and driven; the other casually violent, totally bizarre. The worrying, fascinating characteristic of their activity is that, while much of it comes across as a futuristic allegory, you feel that, in a way, it is reporting a true story. Alternative publishing, the record industry, even the theatre, we know to be the stalking grounds of such blissfully unconventional pirates inspired by recognisably conventional lusts.

It is indeed rare to find something so uncompromisingly experimental on the fringe these days. The production of cheap frozen meals for the unemployed millions has an uncomfortably resonant contemporary ring to it and, even if the final apocalypse outside the factory is less frightening than it should be, the discussion of the profit motive in such eerily alienating conditions packs a real theatrical punch.

There are several striking flashes of production: the slow clearing up by the secretary (Darlene Johnson) in her lolly-pink dress of the old manager's bloody den; the image of the fridge as a wardrobe and drinks cabinet; the sadistic shaving of a treacherous office boy before his callous ejection from the emporium; Karl Johnson's sudden dry condemnation of those who refuse to acknowledge the consequences of ruthless action.

David Cunningham's insidiously noisy music gives no quarter and asks none. It forms a tremendous background to a weird and wonderful evening.

Wigmore Hall

Nash-Russian

The Nash Ensemble continue to draw a large audience for their Wigmore Hall series of Russian chamber music and songs spiced with Mozart. The players deserve the public support they have won, for the pleasure their performances have given, still more for their enlightened programme-making. For successfully pushing the repertory beyond the usual narrow limits, doing so moreover in directions not necessarily fashionable at the moment, they merit their acclaim.

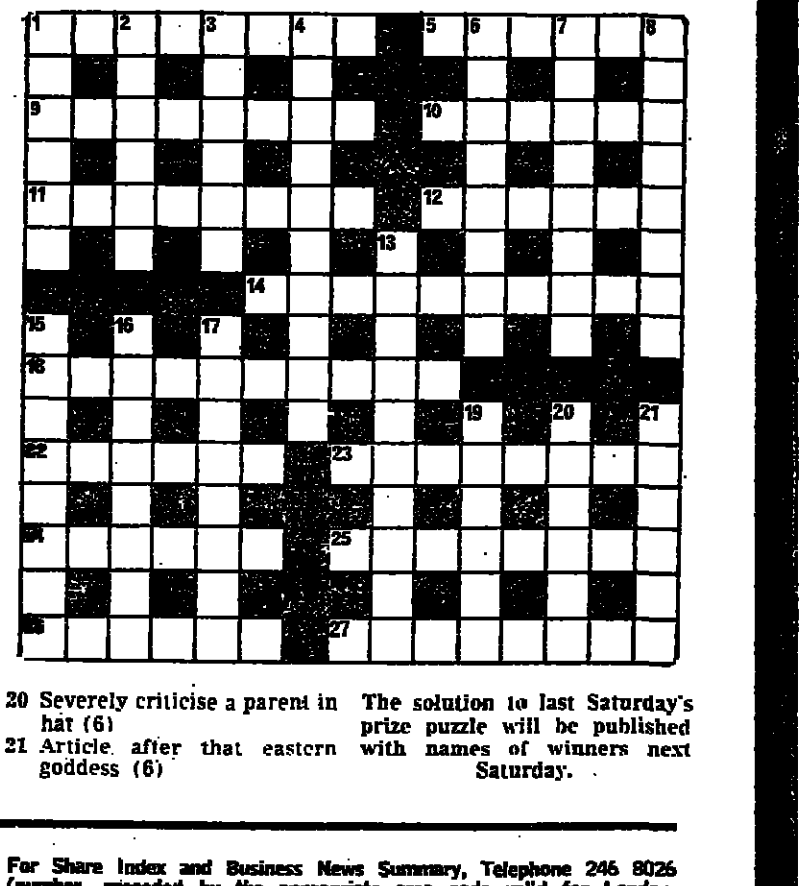
Success, however, with the bonuses of recordings, overseas tours and representative status, *brings danger in its wake, such* as routine and staleness. There were signs in the third concert of the *series* on Saturday, that these *may* threaten even a programme of largely unfamiliar music. One of our most gifted young conductors is quoted in the series leaflet as praising "the joy (the Nash Ensemble) imparts to whatever music they lay their hands upon." There was too little evident joy on this occasion, and joy is desirable even for the communication of the various degrees of Russian gloom and grief and grumpiness offered by the chosen works of Prokofiev and Shostakovich.

There was some relish certainly in the playing of Prokofiev's G minor Quintet for oboe, clarinet, violin, viola and double bass, a grotesque suite like a painter's sketchbook in which Prokofiev, furiously daubing, experiments with the dark, *clotted colours he liked* to use especially in his Paris years. But the Shostakovich Piano Quintet with its clear, linear textures and controlled bitterness tailing off into resignation, was a dull tramp through flat country—a long one too, since a broken viola string meant that the fugue was resumed at the beginning.

The guest artist was Felicity Palmer, singing a group of six Rakhmaninov songs with full-throated plangency, making not quite enough of the lighter shades, but abounding in the zest missing elsewhere. Ian Brown's accompaniments were sound but unmercurial. Who is going to let us hear Miss Palmer sing Lisa in Chaikovsky's *Queen of Spades?* At the beginning of the concert Mozart's Oboe Quartet, which can and should delight with beauties eclipsed in the memory by greater things from the same pen, was *lacklustre*. The players may have been bubbling over inside with joy and wonder but if so their feelings failed to come to the surface.

RONALD CRICHTON

F.T. CROSSWORD PUZZLE No. 4,731



ACROSS

1 Share second footballer (4, 4)
5 Wind up phone (6)
9 Motor suffering on bells (8)
10 Way artist thanks a lot of layers (6)
11 Chose to have period included as worked (8)
12 Chap with plenty of ancient slaves (6)
14 Wren for instance as a source of information (6, 4)
18 Whip getting in harvest in part of Yorkshire (6, 4)
22 Sweet pair about fifty, a hundred once (6)
23 Not knowing if soldier came back without any bluster (8)
24 Poker in fire of supercharged car (3, 3)
25 Manage to stone vagabond (8)
26 Tip off soldiers inside maze (6)
27 Guide has time to find cheap part of ship (8)

DOWN

1 Bully boy (6)
2 Fat about to turn up in food store (6)
3 Song and dance over notice (6)
4 Scores like to go through with marriage knot to be tied (5, 5)
6 I want to consider request for vision (3, 2, 3)
7 Headgear from the west ought to suit so why the fuss? (4, 2, 2)
8 Do harps maybe before end of day inspire music? (8)
13 Trickiest prospect in protective clothing (6, 4)
15 Nail playwright to timetable (8)
16 I do after a time become a worshipper (8)
17 Bet on run with animal (8)
19 A close form of comfort (6)
20 Severely criticise a parent in hat (6)
21 Article after that eastern goddess (6)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

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The Old Lady's rule questioned

THE Monopolies Commission is now completing its inquiry into the two rival takeover bids for the Royal Bank of Scotland group. The reference always had a strongly political element, and the political issues—which the Commission can pronounce on under its public interest criterion—remain very much to the fore. Although the so-called Scottish question appears to have faded a little, the issue of the Bank of England's supreme authority over the UK banking system remains as potent as ever. If the Hongkong and Shanghai Banking Corporation is permitted to go ahead and bid for the Royal Bank it will be seen to have successfully flouted the wishes of the Bank of England on a major issue. The Bank would inevitably fear that other banks—not necessarily overseas ones—might refuse to take no for an answer in the future.

Harm

However, the question which it is the duty of the Monopolies Commission to answer is whether the bids would harm the UK banking industry or its customs. Both the Hongkong Bank and Standard Chartered have argued that it would be far too expensive and too slow to attempt to set up a large UK *branch network from scratch*. If this is accepted, actual or potential competition could not be reduced by either of the proposed takeovers.

On the narrow ground of competitive impact, there might well be reason for preferring the Hongkong bid. The bank is clearly keen to expand rapidly away from its base in Hong Kong, and being outside the British banking establishment it might be more inclined than Standard Chartered to challenge the present cartelised structure in UK retail banking.

Standard Chartered's motive of seeking a domestic base, which it has hardly possessed until now, could be said to be rather more defensive. Yet the Bank of England is enthusiastically backing Standard Chartered on the grounds that the merger with the Royal Bank would create a much better balanced international banking group, which would add to the strength of the British banking industry as a whole.

In the Bank of England's ideal world of orderly and discreet consultations, its view would be final. This is the world of "customary authority" in which principles are interpreted flexibly but decisively. On rarer occasions the Bank sets out its principles on paper, as it did in 1972 when it published guidelines on foreign bank takeovers. It insists that these *were no more than a reinterpretation* of existing principles in the context of entry to the EEC. Last week the Bank was suffering the indignity of being told by Hongkong and Shanghai, via the Press, that it had not understood its own guidelines.

Battle

The Hongkong Bank's challenge has no wpitched the Bank of England into a political battle. The Foreign Office and the Department of Trade are sensitive to arguments of disaffection in Hong Kong—already upset by UK nationality legislation—and of retaliation by countries, notably the U.S., where British banks have themselves been making takeovers.

For its part the Bank of England denies that it is behaving differently from overseas central banks. But it is setting out a fallback position. If its customary authority is undermined, it must be given new legislative powers. Apparently these would not simply be aimed against unwanted foreigners, but could also enable it to veto domestic mergers which it did not approve of. These would include, for example, mergers between banks and insurance companies.

Unique

What remains to be established, however, is why banking should require unique merger legislation. Is it really true that the Bank of England's authority is so fragile that one hard knock will cause it to crumble away? The Bank has now raised an issue which is bigger than that of whether the Monopolies Commission clears the Hongkong Bank bid or not. If indeed the Bank's regulatory powers are inadequate it will have to convince government and parliament of the need for new rules so that its authority over the banking industry can be maintained.

Japan's trade and the yen's defences

WHEN THE Japanese Automobile Manufacturers' Association visits London this week it will address one small facet of what is looming again as a major problem between Japan and the rest of the world. This is Japan's current account surplus—a figure now mounting so quickly that even prestigious Japanese voices are prophesying war on the trading front.

At the beginning of the Japanese financial year, which runs from April to March, the Government forecast a current account deficit of \$6bn, after a deficit in the previous financial year of \$7.3bn. Events have made a nonsense of this prediction. The latest estimate for the year to March 1982, cited by Mr Toshio Komoto, a Government minister and director general of the Japanese Economic Planning Agency, is for a current account surplus of between \$12bn and \$13bn.

At the start of the year the Japanese Government hoped that 75 per cent of the year's economic growth would be generated domestically—drawing in imports—while only 25 per cent of that growth would be due to export sales. Yet the figures for the April-June quarter showed the position reversed with exports providing the lion's share of growth, though accounting for only about 13 per cent of GNP.

Measures

The Tokyo Government knows that sympathy for Japan's problems of success is in short supply in Western nations bedevilled by stagflation and rising unemployment. So ministers last week agreed in principle on various measures to reduce the trade surplus. These included simplification of the inspection procedures for imported goods, measures to prevent sudden surges of exports of specific goods to specific markets, and new attempts to promote imports into Japan.

Yet even if these measures had got past the discussion stage, which they have not, they would do little more than tinker with the total problem. While an easing of inspection procedures would remove an important bone of contention, it would, like the removal of an onion skin, only reveal a deeper and less brittle barrier—the system of middle-men and mark-ups which reduces the attraction of many imported goods.

While the Japanese wonder about short-term measures to boost imports—buying Western equipment and leasing it to the West, for instance—the West demands more Japanese self-restraint on exports. Neither can be considered respectable long-term solutions. Japan is already exercising self-restraint in the sale of cars and televisions and part of the Japanese surplus is being generated through the sale of products which Western countries barely make, and would be loathe to do without. Video cassette recorders are the most striking example.

It is perhaps in the matter of the exchange rate that the best hope lies and where the most useful suggestion can be made. In theory the yen exchange rate should compensate for the impermeable and superior nature of modern Japan. In practice it does not. The yen was priced last Friday at 218 to the dollar and, though rising fast, is still substantially under-valued. Analysts reckon that Y200 would be a fairer rate and that even at Y180, Japan's more advanced industries would still be competitive in world markets.

Appreciation

Market conditions are now moving the yen in the required direction. The margin between dollar interest rates and yen interest rates has narrowed dramatically from 11 per cent to 5 per cent. This is the main, but not the only, reason why the yen is now appreciating fast.

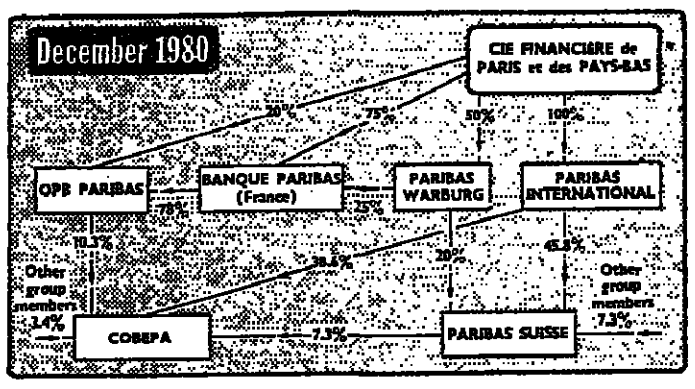
The Japanese Government could sustain this appreciation, and thus increase its own ability to lower Japanese interest rates and stimulate the domestic economy, if it were to increase international access to the yen financial markets.

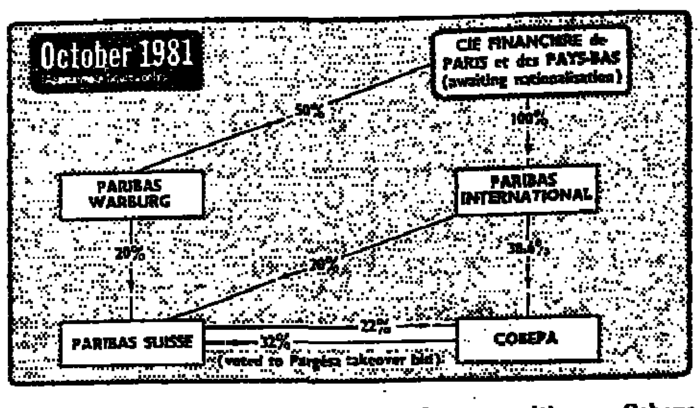
It seems most strange that the Yen accounts for only 3.7 per cent of the currency reserves of the world's central banks, against 4.1 per cent for Switzerland, 14 per cent for the D-Mark and 73 per cent for the U.S. dollar. A removal of official obstacles could well release a pent-up inflow into Yen and Euro-yen deposits. This would lower Japanese interest rates and strengthen the yen simultaneously. Such a measure might well do more for Japan's acceptability as a trading partner than temporary measures at home and apologetic trade delegations abroad.

FRENCH NATIONALISATION ROW

Paribas: the Swiss connection

By Martin Taylor





The first chart shows the network of shareholdings by which the Paribas group holding company, Compagnie Financière de Paris et des Pays-bas, controlled Paribas Suisse and Cobepa at the end of 1980. The second shows the structure in October 1981, just after Paribas International had sold 20 per cent of Paribas Suisse to Cobepa, taking its own holding down to 20 per cent. Before this transaction, both companies were controlled by the Paribas group; after it, neither was. The resulting Cobepa shareholding in Paribas Suisse was then sold to Pargesa, thus dissolving the cross shareholdings shown at the base of the second chart.

IT WAS Pierre Moussa's political flair, allied to more conventional qualifications, that took him to the top of the Paribas group. On his appointment as heir-apparent, M Jacques de Fouchier—the builder of the modern Paribas who has now returned to the chair to oversee its dismemberment—said of him that he was "the only man with the necessary political judgment." In the summer of 1981 M Moussa found himself *fighting the toughest battle of* his career; the result was a triumph of financial rearrangement, but a political catastrophe.

In common with most of the French business community, M Moussa did not expect the Mitterrand victory in the Presidential elections in May which immediately threatened the Paribas group with nationalisation.

The problem must have looked immense, but not insoluble. M Moussa, 59, had several advantages, even if they were pretty flimsy against a flood tide of doctrinaire determination. He himself is a man of broad sympathies—quite the opposite of the archetypal French *patron*—and he knew several members of the new Government well. He lobbied skilfully and hard. Paribas' partners abroad, while not exactly at the top of the Socialists' Christmas card list, gave him influential backing. Most important of all, the Government seemed to have no clear idea of what it wanted to do, which left plenty of room for negotiation.

The Government's ambiguity in part reflected the unreality of some of the plans prepared during decades in opposition, in part genuine ideological conflict within the administration. Everyone agreed, however, upon the desirability of nationalising the domestic banks. M Moussa hardly seems to have argued with this: he distanced himself from the shrill campaign led by Credit Commercial de France (CCF).

M Moussa's aim was to square the interests of the French state, of his shareholders and of his foreign partners. His good relations with the new Finance Minister, M Jacques Delors, may have made him overestimate his chances.

His arguments were based, first on the cohesion of Paribas' international and domestic *portfolio; second on the grounds* that control of Paribas International could not possibly help the Government in its attempts to run the domestic economy, and finally on a veiled threat. This was that Paribas' foreign partners would not work hand in hand with the French Government: moreover, in certain countries state banks were unwelcome. While a commercial bank like Credit Lyonnais could function when nationalised, a risk-taking institution like Paribas International would wilt and die. To nationalise the foreign subsidiaries would be to destroy what was, after all, an important French asset.

M Moussa's specific proposals, which he held to in public as late as the end of September (in an interview published in Le Monde on October 2), were that the state should take a minority stake in two holding companies, one grouping Paribas' private sector French portfolio, the other its international business. Only the French banks would be entirely nationalised, and Paribas' shareholders would retain control of much of the group.

By the time of the Le Monde interview, however, it is almost certain that M Moussa had given up hope. The great blow landed with the Prime Minister's policy speech of July 8 which set out the Administration's programme in some detail. After endless disagreements in the Socialist party—resolved by the President himself—it was decided that foreign banks in France would not be nationalised. It therefore seemed logical, or at least tidy, to nationalise the foreign holding of French banks. The industrial portfolios of Suez and Paribas would be returned to the groups' shareholders—as it happened, this clause ran into technical problems and was dropped from the Nationalisation Act, although it remains Government policy. Should there be any problems for nationalised banks operating in any particular country because of local practice (the law originally read "banking practice" but was later made more flexible), then the French *state might* sell its stakes in certain individual subsidiaries.

That was supposed to be final. For Paribas, the paramount question of its foreign holdings had gone the wrong way, even if this possibility of selling out to foreign partners on a case-by-case basis left some sort of loophole. The loophole was widened further, it seems, by conversations which M Delors had with each of the banks on the nationalisation list in turn. According to one banker with whom M Delors talked, "He told us to be imaginative, to come up with some ideas, if we wanted to hold on to our foreign interests. Pierre Moussa took him only too literally."

In August the foundations of the plan that was to shift the heart of Paribas's overseas interests completely offshore were laid. Paribas's foreign partners, particularly the almost-French Belgians, Swiss and Canadians who seem to have most resented the existence of a socialist government in Paris, were active in its preparation, but they required the co-operation of highly-placed executives at Paribas.

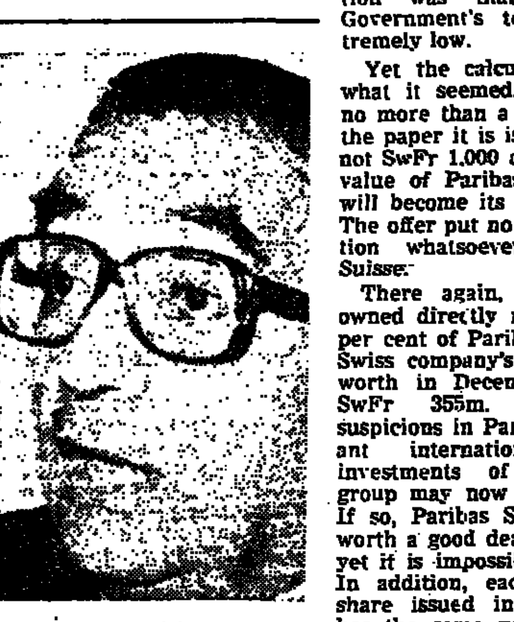
The *manoeuvrings* began in an innocent enough way on August 21 — they were reported to the Government, as the law required, 20 days later. A small holding in Paribas Suisse held by the group's Luxembourg subsidiary was sold to Cobepa, the Brussels-based investment company in which Paribas held a stake of nearly 60 per cent. Two weeks later, a similar operation took place in reverse when 15 per cent of Cobepa, previously held through a number of group companies, was transferred to Paribas Suisse.

M Moussa does not appear to have warned the Government, with which he was in constant friendly contact, that this build-up of cross-shareholdings between the two subsidiaries was in any way a threat to the nationalisaation plans.

The die was finally cast on October 5. Cobepa bought 20 per cent of Paribas Suisse from Paribas International for a cash sum just short of FFr 400m (about £40m). At a stroke the group's holdings in both companies fell below 50 per cent. Since the September transfer the group's control of Cobepa had depended on the 15 per cent of that company's capital held by Paribas Suisse. Now control of Paribas Suisse became conditional on control over Cobepa. The two associates, bound by incestuous shareholdings, slipped their moorings and drifted out of French territorial waters.

None of this was publicly announced, however, so that when a previously dormant Swiss company called Pargesa launched a takeover bid for Paribas Suisse—to what officials claim was the astonishment of M Moussa—on October 9, the French Government believed that Paribas still controlled 60 per cent of its Swiss offshoot. There should accordingly have been no trouble in seeing off this impertinent approach. In fact, Paribas' stake, directly and through Paribas Warburg, was already down to 40 per cent.

1980 attributable net income FFr 731m (about £68m). Net worth FFr 9.7bn (or FFr 15.4bn) including minorities. Investment portfolio FFr 8.3bn (including minority interests) at December 1980, roughly half in France. Major investments in oil, retailing, electrical, food, engineering, metal-forming, printing, construction and hotel industries.



M Pierre Moussa

Pargesa had just bumped up its capital from SwFr 50,000 to SwFr 280m by the subscription in cash for new shares by Paribas' partners, notably M Paul Desmarais' Power Corporation of Canada, the Belgian Frere group and Becker of the U.S. Significantly, perhaps, Paribas' most prestigious international connection, S. G. Warburg of London, decided not to participate.

Pargesa proposed issuing new SwFr 1,000 shares "at par" to acquire Paribas Suisse shares in the ratio of five for 11. On the face of it this valued Paribas Suisse at some SwFr 760m, compared with a total FFr 3.6bn or SwFr 1.2bn price tag put on the whole group by the nationalisation terms (which were decidedly less favourable to Paribas than to heavy industrial group like Pechiney or Rhone-Poulenc). The implication was that the French Government's terms were extremely low.

Yet the calculation was not what it seemed. Pargesa was no more than a cash shell, and the paper it is issuing is worth, not SwFr 1,000 a share, but the value of Paribas Suisse which will become its principal asset. The offer put no external valuation whatsoever on Paribas Suisse.

There again, Paribas never owned directly much above 60 per cent of Paribas Suisse. The Swiss company's published net worth in December 1980 was SwFr 355m. There are suspicions in Paris that important international portfolio investments of the Paribas group may now be in Geneva. If so, Paribas Suisse could be worth a good deal more, but as yet it is impossible to be sure. In addition, each SwFr 1,000 share issued in the takeover has the same voting rights as the SwFr 100 shares subscribed at the outset by Paribas' partners. In other words, anyone accepting the bid has to take third-class equity.

The French Government believes that much of the 25 per cent of Paribas Suisse held by "the public" was actually in discretionary portfolios managed by Paribas Suisse itself. Certainly there was an enthusiastic response from these "independent" shareholders to the takeover bid. Pargesa's control now depended on what Cobepa decided to do since it held the balance of power.

The rest of the story is a more or less mechanical *denouement*. M Moussa asures M Delors he will block the Pargesa bid; he instructs the French directors of Cobepa to vote against it. Since they are outnumbered 2 to 1 by the Belgians, this is a waste of time. By 12 votes to 6, Cobepa's holdings in Paribas Suisse is delivered to Pargesa. M Moussa returns to Paris; the next day he resigns from the Paribas board.

Popular speculation in France is riveted on this theatrical board meeting. Did M Moussa go quietly, or was he pushed by a group of directors led by M Jean Riboud. The Government has officially accepted that the manoeuvres had been so cleverly executed that the distinguished industrialists who sit on the Paribas board were not aware of what was going on.

It is a measure of M Moussa's charm that some French officials still refuse to believe that the Pargesa bid could have gone ahead with his approval. How could he have been so rash as to let the whole affair explode in the middle of the Socialist Party congress, when his industrial holdings still hung in the balance? He must, they argue, have been hi-jacked by his extreme right-wing accomplices.

The subtleties of this *drame psychologique* do not seem to have weighed with the public prosecutor, who has charged M Moussa and some of his colleagues with involvement in a (quite unconnected) series of exchange control frauds. The Government denies it, but few people believe this is anything other than an act of revenge, an attempt to bring the full force of law upon a group of people whom the authorities believe to have flouted their legitimacy.

Aside from this display of righteous anger, the French Government can do little but hold talks with *its* counterpart in Switzerland; M Delors hints that he has something up his sleeve, but it is probably a joker rather than an ace. Meanwhile Paribas, once the pride of French capitalism, is dragged through the mud—dismantled by the Government, dispossessed by its foreign partners, and now discredited by criminal charges. It is a most bedraggled institution that will pass, early in 1982, into the ownership of the French people.

Men & Matters

City backs Theatre Projects

"British theatre is still a world leader and our advice is sought wherever new developments in the arts are being planned," says Richard Pilbrow.

Twenty-five years ago, after a brief period as a stage manager in London's West End, he formed Theatre Projects to service the trade with backstage and managerial skills. The company has since moved into the allied areas of industrial shows, conferences and the music industry as well as theatre design.

Now, with a turnover of around £3m, Pilbrow has been backed for further expansion, particularly abroad, with £800,000 from City institutions.

Through Venture Link, the venture capital associate of the F. and C. group, a number of investment trusts, including F. and C. Mercantile, Anglo-Scottish, Touche Remnant, and the National Water Council's pension fund, have taken a substantial minority interest in his Covent Garden-based company.

"I feel confident that major growth will be achieved in the years ahead," says Pilbrow. He plans to form a new Dutch company next year to look after his fast-swelling business in Europe.

In Canada, he is currently involved as consultant in the design of a new theatre to be built with C\$13m from the Bank of British Columbia and housed in the first four floors of its skyscraper headquarters.

Pilbrow is also advising on the building of a new opera house in Monterey, Mexico, and new TV studios in Nigeria.

Lighting designer in his time for more than 200 West End productions from Blitz to Oklahoma, Pilbrow suggests that the prospects there are just as bright. "The London theatre market will recover," he says, dismissing any doubt.

But theatrical skills—in lighting, sound, audio-visual, and now video, equipment—are in almost as great a demand from commerce.

Apart from helping in the public presentation of musicians like Bruce Springsteen or Adam and the Ants, he has staged industrial shows for companies like Honda, IBM, Rank Hovis, and Ford.

Nor is this his first excursion into the City. In between designing theatres in such far-off places as Iceland and Hong Kong, he advised on the interior design and lighting of the Stock Exchange.

"And we do a special armoured vehicle tour for soccer hooligans."

Spell binding

Here is a little known fact that should boost morale in small businesses — John MacGregor, Under-Secretary responsible for that vital sector of industry, is a magician.

Margaret Thatcher was apparently not aware of these special skills when she appointed the MP for South Norfolk and former Hill Samuel director to the job earlier this year; though she clearly expects him now to pull something pleasing out of the hat.

MacGregor has so far largely confined his conjuring tricks to entertainments for charity. But the one-time head of Edward Heath's private office has accomplished at least one magical political feat by escaping the fate of other Heathites who vanished from the Thatcher stage.

Fresh tracks

Charles Nickerson, who is buying Leyland's unprofitable tractor business and moving it from Bathgate to Gainsborough, comes from a Lincolnshire farming family that has now expanded well beyond its original fields into adjacent industry.

His father Joseph used a natural flair for business to build the multi-million pound Nickerson group of companies, based in his home area and involved in every kind of agricultural processing from seeds to poultry.

Charles Nickerson, who runs a 1,000-acre farm, says: "I've always enjoyed business in the same way my father does. But I have found the mechanical side of farming easier to understand and more interesting."

After a brief spell at Peat Marwick and Mitchell, he worked for his father before starting to strike out on his own. Thorugh a classfiied ad in the FT, Nickerson acquired in 1977 the Turfmaster grass-cutting machines company which had been in the receiver's hands. It is now thriving on the sort of technical innovation which enables its latest model to cut nearly 11 acres on one gallon of diesel.

Some two years later, a phone cali from David Prior—son of Northern Ireland Secretary James Prior—of Lazard's in New York spurred him into bidding for the Aveling Marshall crawler tractor company in Gainsborough which Leyland was closing.

Nickerson retained 100 of the 800 employees there. The renamed company, Track Marshall, a subsidiary of his Marshall Sons, is now profitably producing 140 industrial and farm crawlers a year.

The improved, new machines have won industry awards, increased the company's share of the domestic market from 45 to 75 per cent, and are being exported to the Third World. "We haven't a machine in stock," Nickerson tells me.

A separate subsidiary and production line will manufacture the wheeled tractors when Leyland transfers its Bathgate operations to him. He expects to take on 200 workers—an unexpected bonus in an area hit by unemployment—to produce 50 tractors a week initially. "I only only heard through a Turkish company that Leyland might be interested in selling," says Nickerson.

The recession, he says, has made life doubly difficult for the large-scale producers of farming machinery. "But with lower fixed costs, and a smaller and more flexible output, we can be successful."

Golden days

Stern socialist strictures about the immorality of that favourite French pastime of investing in gold might have bee thought to spell bad news for the Paris equivalent of the Pobjoy Mint. But a great industry is not stopped in its tracks quite so easily. Advertisements in French newspapers now offer a special limited edition of proof quality gold medals struck to commemorate the historic election of Francois Mitterrand.

Namesake

Public relations men trying to interest newspapers in a story suffer a great deal. My sympathy then to the one who works under the added handicap of his name—Mr Buncombe.

Observer

FINANCIAL TIMES SURVEY
Monday November 23 1981

The Netherlands

The Netherlands again has a government after months of political stalemate. However, the new coalition is essentially a marriage of convenience and internal wrangling could still frustrate the initiatives needed to rejuvenate industry and trim the generous welfare system.

)oubts bout he oalition

y Charles Batchelor
msterdam Correspondent

E NETHERLANDS has just erged, rather disillusioned, m one of the most frustrat- periods in its recent tory. Nearly six months of :ertainly ended on Novem- 4 with the announcement t the Labour, Christian mocratic and Democrats '66 ties had finally patched up ir differences and agreed to m a government.

:his break-through was wel- ne yet the mood in the coun- is in marked contrast to optimism prevailing in the ly months of the year. The pe then was that the May neral election would produce trong new government with a jority large enough to take hard decisions facing the mtry.

A coalition has been formed th 109 of the 150 seats in the wer House of parliament. it whether it has the cohesion take those decisions is very uch in doubt. The bitter and otracted negotiations which eceded the final agreement ve further strained the al- ady brittle relationship be- een the two largest parties, e Christian Democrats and bour.

The lengthy political stalemate has led to some questioning abroad of the effectiveness of the Netherlands' far-reaching *form of proportional representation.* Any candidate who gains about 58,000 votes countrywide can take his seat in Parliament. The Dutch refusal to set a threshold below which parties are excluded from Parliament *means that six small parties* now sit in the chamber alongside the four main groups.

Any threshold above 2 per cent *of the total vote* would have excluded all the minor parties from the present Parliament. The large Left-wing groups would, in theory, have gained nine more seats and the parties of the Right only six. *But it is* more *likely that the* political pool would only have been muddied by lumping the Communists and the pacifist parties with Labour and the more dogmatic confessional parties with the Christian Democrats.

Since the larger parties are anyway only too well aware of the dangers of involving the splinter groups in Government they usually try to put together coalitions which only include the heavyweights.

Many Dutch politicians attribute the increasing complexity of the Government formation *process to the central position* occupied by the Christian Democrats. The party was officially formed last year after a long period of close co-operation between three smaller confessional parties. Their midfield position means the Christian Democrats can swing to either Left or Right and one or more of the Christian parties have been in each of the Netherlands' 16 Governments since the 1939-45 war.

Not only is such a long period of uninterrupted power unhealthy for the party and for the country, non-Christian Democratic politicians argue, it forces the other parties to offer compromise after compromise to gain a foothold in Government. *During the record seven* months of coalition talks which preceded the formation of a Government in 1977, the Christian Democrats moved to the Right when talks with the Labour Party stalled. In 1981 the Christian Democrats have retained their grip on power by shifting to the Left again—into *an alliance* with Labour and Democrats '66.

The failure of the Dutch political process has also been blamed on the mechanics of the formation. The party leaders are obsessed with dotting every i and crossing every t of the coalition agreement before getting on with the business of Government, some critics claim.

Alternatively, say others, the independent mediators of stature are no longer available, or are not being called on. Those who are supposed to take a non-party stance in the *country's interest are too close* to the *day-to-day* business of politics to function effectively. This was certainly the case of the first set of mediators called in by Queen Beatrix in May. Their limitations were reflected in the three parties' inability to agree the details of a Government programme. Constitutional renewal is needed and a commission is to be set up *to review the matter,* the Government told parliament in its policy statement on November 16.

But the real roots of the country's political difficulties should be sought in the conditions *of its economy.* The Netherlands remains poised on *the watershed between the free-spending 1970s,* when much of *its generous welfare system* was built up, and the austere 1980s. Several false starts have been made to curbing excessive Government spending but unpopular decisions have too often been avoided.

Dr Willem Duisenberg, president designate of the Central Bank, launched the first programme to restrict the public sector when he was Finance Minister as long ago as 1976.

Even allowing for the extra outlays needed to counter the dip in the economic cycle Government spending has run out of control. The public sector deficit is expected to amount to 8 per cent of national income or Fl 24bn (£5.2bn) this year—twice the level generally viewed as permissible for the long-term health of the economy.

The two mediators—both professors of economics and labour men—who finally man*aged to draft a compromise* coalition agreement, warned that control of public sector finances was a matter of concern calling for urgent action.

A susbtantial body of Left-wing opinion now agrees with *the more conservative members* of the economic community that the limits of the Dutch social miracle have been *reached. Further cuts in social* security, health care and public sector salaries and pensions will have to be made in 1983 and subsequent years.

But old hobby horses are hard to kill. Extra revenues could be raised by increasing sales of natural gas and by taking a larger share in the profits made by the international oil companies on their gas revenues, some Left-wing politicians have argued.

Increasing gas sales would amount to a reversal of energy policies carefully constructed over the past five years while slicing further into the oil companies' profits would be breaking an agreement reached by the last Government.

Gas revenues already contribute Fl 25bn to the Dutch exchequer, Fl 1,800 for each of the country's 14m inhabitants. Without the gas money income *tax rates would have to go up* 60 per cent, the main employers' organisation calculates.

The main concern of Labour Party negotiators during the coalition negotiations was to launch a programme to create new *jobs. Unemployment has* risen by 150,000 to 423,000 in the past 12 months and *threatens to increase further* next year. If the Netherlands is to avoid the social unrest that has scarred major cities in Britain, West Germany and Switzerland. unemployment, and specifically youth unemployment, must be tackled fast, Labour argues.

In its policy document presented on November 16, the Government announced plans to create up to 200,000 new full-time jobs over the next four years and another 175,000 part-time jobs.

Despite their problems, the Dutch nevertheless are starting out from a higher base than many of their European neighbours. They still have an economic and social infrastructure with few equals. Important for a country much of whose prosperity depends on trade, the road, rail and canal system is modern and still being improved.

Strict planning controls and high building *standards* mean that most Dutch towns have a neat and prosperous air. By contrast many of the 19th century parts of cities such as Amsterdam and Rotterdam require major investment to restore them to health. Most city councils are now aware of *the need to preserve the best* of the old and the razing of complete communities is past.

If the Dutch still have reason to be proud of their achievements at home their neighbours and allies in Western Europe are growing increasingly concerned at what they see as a refusal to accept the realities of international affairs.

The Netherlands wants to delay beyond December a decision on deploying 48 Cruise missiles on its territory. It looks increasingly unlikely that the Dutch will ever go along with Nato's plan to station 572 new missiles in five West European countries as part of its response to the threat of the Soviet Union's SS-20s.

The Labour Party has declared that no Cabinet to which it belongs will accept the missiles. The smallest of the three Government parties, Democrats '66, is also opposed "in present circumstances." The conservative majority among Christian Democratic MPs is in favour of using the missiles as a *bargaining counter in disarmament* talks but a large minority rejects this strategy.

In other areas, however, the Dutch can be expected to pursue a more conventional and cohesive foreign policy.

The odds seem stacked against the new Left-of-Centre Government surviving a full four-year term. Its own divisions and growing external pressures leave it little room for manoeuvre. In its favour at least is the desire of the partners in power to avoid renewed deadlock because this would only delay further a solution to the country's problems.

COMPARATIVE STATISTICS 1980

	Area '000 sq km	Population millions	Hourly earnings* £	Inflation rate†%	—GNP— £bn	Share as % of industrialised countries	Exports £bn	Exports as % of GNP	Imports £bn	Imports as % of GNP	Monetary Reserves £bn†
Netherlands	41	14	4.72	6.5	61.3	2.1	28.5	46.5	30.4	49.6	5.7
Belgium	31	10	4.96	6.7	45.1	1.5	25.3	56.0	27.9	61.8	3.8
W. Germany	249	61	4.76	5.5	319.6	11.0	74.5	23.3	72.5	22.7	20.9
France	547	54	3.68	13.6	251.1	8.6	44.5	17.7	51.9	20.7	12.9
Britain	244	56	2.76	18.0	188.7	6.5	44.5	23.6	46.4	24.6	8.9

* Wages plus supplementary costs. † December 1980.
£=Fl 5.07 (December 30 1980).

Source: Dresdner Bank.

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BASIC STATISTICS

Area	41,160 sq km
Population	14.2m
Workforce	4.78m
Gross domestic product (1980)	Fl 333.3bn
Per capita	Fl 23,500
Exports	Fl 146.8bn
Imports	Fl 152.8bn
Exports to UK	£3.41bn
Imports from UK	£3.84bn

Gold and foreign exchange reserves: Fl 33.94bn (November 1981).

Balance on current account: Fl 4.7bn deficit.

Inflation: 7.1 per cent 12 months to October 1981, 6.5 per cent 1980.

Currency: Guilder £=Fl 4.67, $=2.44 (November 16, 1981).

Editorial production: Michael Strutt

THE NETHERLANDS II

Difficult search to find a political compromise

THE NEXT few months will show whether the tensions inherent in the Netherlands' new Left-of-Centre Government will be put to productive or destructive purpose. Governments are elected for four years although few people—including many of the politicians involved—expect this Cabinet to serve its full term.

Even so, Mr Dries van Agt, the Prime Minister and leader of the Christian Democratic Party, proved adept at keeping his first administration on course. Then the problem was to prevent dissenting MPs from destroying his four-vote majority in Parliament. Now it is to find a compromise between the differing views of his own party and its two coalition partners, Labour and Democrats '66.

The past 5½ months of coalition talks do not bode well. The three parties have clung grimly together, undeterred by successive failures to agree, often over quite fundamental issues. On many points compromises were made but some, notably the question of whether the Dutch will accept Cruise missiles on their soil, have simply been postponed.

The general election of May 26 deprived the Centre-Right coalition of Christian Democrats and Liberals of its narrow majority. Both parties suffered a small reduction in electoral support. Labour, having made little effective use of its period in opposition despite the growing economic problems, lost heavily. Democrats '66, a self-styled "progressive liberal" party, gained handsomely, nearly doubling its strength in Parliament.

Mediators

Despite Labour's heavy losses the success of Democrats '66 led many commentators to conclude that there had been a swing to the Left in voting patterns. After consulting her political advisers and the party leaders, Queen Beatrix appointed two mediators to assess the prospects for a government comprising the two Left-wing parties and the Christian Democrats.

After 3½ months of bad-tempered negotiations the three parties reached a compromise on the issues dividing them and the new government was sworn in on September 11. The Cabinet then sat down to draft a policy document but after failing to reach agreement on an ambitious job-creation programme, proposed by Labour, it resigned on October 16. The country's shortest-lived postwar government had lasted just five weeks.

However, within hours the three parties had restarted talks and with the help of a new set of mediators they reached agreement on November 4.

According to the parliamentary party leader of Democrats '66, Mr Laurens Jan Brinkhorst (and many others), this method of forming a government has had its day. "We are at the end of the road," he says. Parliament should be more closely involved in the efforts to agree a coalition. At present information filters through to the parties from the leaders involved in the negotiations but parliament as an institution is left out of the process for weeks or months at a time.

Limit

The appointment of mediators who are removed from day-to-day politics would also make for more effective Cabinet formations. Mediators too often function simply as mouthpieces for the party, says Mr Brinkhorst. Imposing a limit to the time any party leader is given to form a government, as is the case in Israel, might also speed the process. If a leader failed to put together a new government he would be required to return his mandate.

The nature of the three parties in the current government, as well as of the major opposition group, the Right-of-Centre Liberals, is changing. This process has been under way for a number of years and could, within the next decade, lead to a fundamental shift within the political system.

The Christian Democrats, traditionally the party of the Centre, are moving to the Right. In fact, the party was formed only last year when the Catholic People's Party and two Protestant groups, the Anti-revolutionary Party and the Christian Historical Union, formally sealed 15 years of close co-operation with a merger.

The link was prompted by the realisation that while many people still wanted to vote for a Christian party, the historical church divisions had become less important. The declining influence of the church was also eroding the power base of the parties individually. The Christian Democrats accounted for 31 per cent of the vote in the last general election, a smaller percentage than that of the Catholic Party alone in the early 1960s.

On economic and foreign policy, the Christian Democrats share much common ground with the Liberal Party. The smooth functioning of the last government, formed by a coalition of these two parties, contrasted strongly with the rows which have marked the attempts to reconcile the Christian Democrats and Labour. The Christian Democrats include a large progressive minority, mainly members of the old Anti-revolutionary party, but many of its MPs, and an even larger percentage of its voters, are conservative in outlook.

Until the party finds its new role it will remain torn between Left and Right and find decision-making agonisingly difficult. Whatever the policy differences between Labour and the Liberals, the Labour Party does mean "yes" when it says yes, while "no" is no, one senior Liberal commented.

Labour too is in a period of transition, similar in some ways to its British counterpart. "Labour is split between the romanticism of its past, the idea of mobilising the workers, and the need to deal with today's more complex society," commented one non-Labour politician. This split was reflected in the voting patterns in the last general election: Labour lost votes both to the more extreme Left-Pacifist, Radical and Communist parties—and to the more moderate Democrats '66.

Labour politicians frequently have difficulty in translating radical congress resolutions into practical politics. Long before Chancellor Schmidt in West Germany faced a similar problem Mr Joop den Uyl was threatening to step down if the party congress insisted on the complete de-nuclearisation of the country's armed forces.

Mr Dick Kalk, political adviser to Mr den Uyl, attributes the Labour Party's decline in popularity to its inability to devise convincing solutions to the country's difficulties. "The main problem is to find an answer to unemployment at a time of diminishing growth. There is no easy solution," he says. Labour has written an ambitious employment programme into the coalition agreement and hopes to create 60,000 new jobs next year alone.

Similarities

The Netherlands' fastest-growing party is Democrats '66—so named after the year of its founding. It shows remarkable similarities with the Social Democratic - Liberal Alliance in Britain, both in policies and the profile of its supporters, and the two parties have begun developing contacts.

Democrats '66 stresses that it is a party of the moderate Left though if it can maintain its electoral momentum it could well displace the Christian Democrats as the party of the Centre. Economic recovery and the creation of more jobs depends on companies improving their profits but this can be achieved only with a motivated and involved workforce, it argues. In seeking to avoid the dogma of both Left and Right, Democrats '66 has been accused of attempting to be all things to all men. Like its British counterpart it is also charged with lacking a coherent programme.

To the Right of the political spectrum is the Liberal Party. The only way for the Liberals to get into government is through the Christian Democrats. Aware that it has become boxed in, the party has been emphasising its Liberal (anti-clerical) origins. On issues like abortion, for example, it is closer to Labour than to the Christian Democrats. The idea of seeking an opening to the parties of the Left have been mooted but there is a long way to go before this could become reality.

Charles Batchelor

THE PARTIES' STRENGTH IN PARLIAMENT

	General election 1981	Pre-election strength 1977
Christian Democrats	48	49
Labour	44	53
Liberals	26	28
Democrats '66	17	8
Calvinist Party*	3	3
Calvinist Political Union*	1	1
Reformed Federation*	2	—
Radicals	3	2
Communists	3	2
Pacifists Socialists	3	1
	150	

* Smaller Right-wing parties.

(Two parties, the Farmers and Democratic Socialists '70 failed to retain any seats in the 1981 election.)

Complex strands to foreign policy

SEEN FROM the outside, a country's foreign policy can often appear curiously one dimensional. The casual onlooker might easily conclude, for example, that the one topic of interest in the Netherlands this year has been defence, and in particular the country's increasing reluctance to accept U.S. Cruise missiles on Dutch soil.

But in fact, while the Cruise question has indeed gripped the headlines and engaged the Dutch people more than any other "foreign" issue of recent times, foreign policy as practised by the Government remains an entire complex of actions and reactions.

The Hague this year has had a serious diplomatic brush with Red China over the Dutch decision to sell submarines to Taiwan; it has engaged in a fitful dialogue with the Arab world over the Palestinians; it has again considered imposing an oil shipments embargo on South Africa and it has presided (from January to June) over the policy-making Council of Ministers of the European Community.

Aid programme

Most characteristically, the Netherlands has continued with its highly-praised programme of overseas aid, under which 1.5 per cent of the country's net national income is devoted each year to assisting development projects and alleviating hunger in the Third World.

The 1.5 per cent figure is equivalent to 1 per cent of gross national product and is fully 0.3 per cent above the UN target for aid which almost all Western countries have yet to reach.

Figures from the development assistance committee of the Organisation for Economic Co-operation and Development show that real aid expenditure by the Netherlands rose from a little over Fl 2.8bn in 1979 to about Fl 3.15bn in 1980, putting Holland at the top of the table of countries providing aid. T! average for the OECD area in 1980 was only 0.37 per cent of GNP.

This year, the Dutch target has been Fl 4.2bn, and there is even a chance this figure will be exceeded once final calculations have been made of the increase in national income.

According to Prof Ferdinand Van Dam of the development aid section of the Foreign Ministry, the Dutch have a deep-seated Calvinist need to help Third World nations. "Even our Roman Catholics are Calvinist in this respect," he says. "We may have been rude and crude traders in the past, but there is another part of our tradition which says that even if we are experiencing economic difficulties, other people are really suffering and need our help."

Not surprisingly, a large proportion of this Dutch largesse goes to former colonies in the Far East and the Caribbean, but the Ministry rejects any suggestion that it is therefore practising enlightened self-interest—aid today in return for trade and loyalty tomorrow. Prof Van Dam points out that the EEC's Lomé Convention on aid—to which the Dutch fully subscribe — concentrates the bulk of its resources on black Africa, so that bilateral help in other areas, especially areas well known to the donor country, helps to fill a real need.

Today, most development aid from the Netherlands takes the form of straight cash transfers and aid for sponsored projects. There are signs, though, of a change in thinking, so that in five or so years more money may be channelled into investment projects leading in the longer term to industrial co-operation with Dutch companies.

This is felt to be a more up to date and efficient concept of aid, but cannot of course entirely replace guilder transfers so long as famine and disease remain major problems within poor countries. At the moment, debate is building up in The Hague, but the Lomé pact has already led the way in this field and Holland seems destined to follow sooner or later.

A related concern of the Government is that development aid should only be used for its intended purpose, whether in the recipient country or, as was shown recently, at home.

Mr. Kees van Dijk, the Minister for Development Co-operation, announced last month that the Government would in future monitor more closely the aid it gave to pressure groups active in Third World affairs—money handled by the semi-official National Commission for Development Aid. He said it would be reviewing the situation to see whether in fact some of the cash was not going to peace groups and bodies opposed to nuclear weapons in Holland.

Contrary

Commenting on the Minister's decision, Prof. Van Dam said that the Commission appeared to be using government money in ways which were contrary to official policy—something which even the most Calvinist of administrations could not be expected to applaud.

Other areas of foreign policy brought their problems as well. The beginning of the year saw the virtual expulsion of the Dutch Ambassador to China following a long Press campaign in Peking against the Netherlands' proposed sale of advanced conventional submarines to Taiwan. Under the new Government, the sale is still going ahead, with the Prime Minister, Mr Dries van Agt, declaring that it does not imply recognition of the Taiwan regime.

Relations between The Hague and Peking remain icy, but it is hoped that a thaw will set in once the submarines have been delivered and the incident fades into the past.

An issue still very much to the fore concerns oil supplies to South Africa, the nation about which liberal Holland feels most obviously uneasy. If only Afrikaaners weren't of Dutch descent.

The Leftward shift in the Government this year brought about by the inclusion in the present coalition of the Labour Party, led by Mr Joop den Uyl, has heightened the possibility that Holland might again consider an independent embargo of oil deliveries to South Africa. Dutch business interests remain substantial in this area of trade and, despite a claim that black African countries dependent on South Africa for supplies would suffer much more, it is possible that Parliament will again press for a boycott.

MPs, replete with moral vigour, have already made their position clear on the matter, and Mr van Agt and his Foreign Minister, Mr Max van der Stoel, have promised to address the problem anew.

On the Middle East front the Netherlands continues its slightly embarrassed drift away from support for Israel and towards support of the rights of the Palestinians. As President of the EEC Council, the previous Foreign Minister, Mr Chris van der Klaauw, had talks this year with the PLO chief, Mr Yasser Arafat, and Mr van der Stoel is certain to continue the Arab dialogue on a Community and a bilateral basis.

The Arab League was recently granted permission to open an office in The Hague and—though the matter is very far from settled—there is a possibility of Dutch participation in the intended UN peacekeeping force in the Sinai peninsula.

The EEC, not surprisingly, continues to be a major focus of Dutch foreign policy, and Holland remains an enthusiastic member of the Ten. But it has its own eyes and ears in the world as well and continues to command more than a walk-on part on the international stage.

Walter Ellis

Charles Batchelor profiles the coalition's top politicians

Marked differences in views and style

·HTING Cabinet" is one more appropriate labels an be applied to the new government team. Cer- the characters of the arties involved and of aders suggest that rela- tween the 15 Ministers always be easy.

lifferences in views and between the Prime r, Mr Dries Van Agt, and Party leader Joop den ho is one of his two premiers, could not be narked. The two men frequently when Mr Van s Justice Minister in Mr l's government in 1973- It was Mr Van Agt's n refusal to compromise ıd reform which brought inet to a premature end. ng the roles, Mr Den nwillingness to accept a mise over his job crea- ogramme prompted the ary collapse of Mr Van ive-week-old government nth.

an Agt, despite his initial about the political life, r Den Uyl, are both ledged ministerial heavy- . Jan Terlouw, joint Premier and Economics r, has yet to prove him- a Cabinet role. An un- ng man, Mr Terlouw's se to the question of how ects to manage such a portfolio is "wait and

putation

s Van Agt has established iderable reputation in his ely short political career. nber of opinion polls in years have shown him he country's most popular , well ahead of more is candidates such as ers of the Dutch Royal .

reputation rests perhaps on his ability to manage al conflicts than on the veness of his govern- policies. But his ability olitical manager will be ly what will be ded of him over the next ears.

of Mr Van Agt's poli- eight stems from his popularity with the voters. At one stage in the recent coalition negotiations, when his fellow politicians accused him of blocking the progress of the talks, Van Agt stepped down as parliamentary leader. The flood of protest telegrams from local party committees and individual voters led to his immediate re-instatement. This direct line to the elector is Dries Van Agt's trump card within his own party.

His use of language is frequently archaic but his approach is direct and his meaning crystal clear. In this respect he contrasts sharply with the wordiness of his labour counterpart, Mr Den Uyl. Van Agt is not afraid to appear the underdog and admit that he does not have the solution to a particular problem. But, he will add, we are doing our best to find it. This direct "unpolitical" approach endears him to his supporters.

This ability to distance himself from the problems of his office has been attributed to Van Agt's Roman Catholic beliefs. "What we mortals get up to pales in the context of eternity," he is quoted as having said at one particulary difficult moment. A keen cyclist, he refused to let the coalition negotiations get in the way of his annual trip to watch the Tour de France.

Van Agt now aged 50, was born in the small town of Geldrop, near Eindhoven, where he later attended the Catholic University to study law. After a period in private law practice he went to work in the Agriculture Ministry and subsequently the Justice Ministry. He interrupted his career as a civil servant to become Professor of Criminal Law at Nijmegen University, but in 1971 returned to The Hague—this time as Justice Minister.

He started his political career with a progressive image but has since moved to the Right, making no secret that he would have preferred to continue to govern with the Right-of-Centre Liberals had the outcome of the May election permitted.

To Mr Van Agt's admitted chagrin, the partner produced by the ballot box was Joop Den Uyl. A greater contrast with the neatly-dressed, carefully-groomed figure of Dries Van Agt would be difficult to imagine. Baggy-suited, shoulders hunched, Mr Den Uyl hurries through the parliamentary corridors, an untidy pile of documents under his arm.

Mission

"Uncle Joop", as he is both affectionately and mockingly known, has been a man with a political mission since he gave up journalism to become an Amsterdam town councillor nearly 30 years ago. His taste for the political fray meant that sessions of the 1973-77 Cabinet which he headed often went on into the early hours of the morning, until his opponents gave in from sheer exhaustion.

Mr Den Uyl is now 62 and has led his party four times in an election, but has no intention of slowing down. There are no signs of Joop Den Uyl becoming either physically or mentally tired, said one party colleague. Few people in the party have more energy than he has: the Labour leader reputedly gets by on five hours sleep a night and snatches a bite to eat between appointments.

Mr Den Uyl's lust for the political life was confirmed when the question of portfolios came up during the coalition negotiations. Apart from the post of Deputy Premier and Minister for Social Affairs, he added the Employment portfolio, responsibility for the Netherlands Antilles and the title of Co-ordinating Minister for the Social and Economic Sector.

Mr Den Uyl's appetite for work—and for power—brought him into conflict with Jan Terlouw, who as Economics Minister could have expected to have some say in unemployment policy. The two settled their differences but Mr Den Uyl has succeeded in antagonising an ally at a very early stage in the life of the new government.

Mr Den Uyl's avuncular style explains much of his successes with his voters. His strength within the party rests on his position at the centre of the various factions.

When the more radical wing of the party called for the Netherlands to reject all of the tactical nuclear weapons assigned to its armed forces by Nato, Mr Joop Den Uyl threatened to step down. One, perhaps two, nuclear tasks should be retained to ensure a place at the debating table, he successfully argued.

Mr Den Uyl's extrovert personality overshadowed the quieter Dries Van Agt in the 1973-77 government. Mr Den Uyl must now content himself with playing the secondary role.

Jan Terlouw, leader of Democrats '66, is the man in the middle. His party sees its role as providing a moderate alternative in Labour on the Left of the political spectrum but is wary of becoming too closely identified with "big brother."

Mr Terlouw, young looking for his 49 years, appeals to many as the reasonable man, not passionately committed to politics like Joop Den Uyl nor distancing himself from it like Dries Van Agt. His critics and supporters wonder whether he is not too "reasonable" to withstand the pressures the two big parties will put upon him.

Democrats '66 sees its role as more creative than simply that of mediating between the other two parties though it has already achieved some success at that during the formation talks. It also wants to bring its own ideas into the political debate.

A physicist by training, Jan Terlouw spent 13 years researching nuclear fusion before going into national politics. He became an MP in 1971 and took over the leadership of the party two years later. Away from politics Mr Terlouw is a successful children's author and has twice won a best children's book award. His imaginative powers will be needed more than ever in the political field during the life of this Cabinet.

The leaders of the Netherlands' three government parties take part in a round of coalition negotiations: Mr Dries Van Agt (Christian Democrat), Labour leader Mr. Joop den Uyl (centre) and Mr Jan Terlouw of Democrats '66. The three parties reached final agreement on November 4 after more than five months of talks

PROFILE: HANS VAN MIERLO

Taking on a controversial job

HANS VAN MIERLO, Defence Minister in the new Government, has taken on one of the most controversial portfolios after an absence of four years from the political scene. Despite his rejection of the conventional parliamentary career Mr Van Mierlo is regarded as a very capable man well able to stand up for Dutch interests within Nato.

A frequently-voiced criticism is that he lacks the managerial skills to cope with a major department like defence. But one of his first moves was to agree with Mr Max Van Der Stoel, the Foreign Minister, to establish a top-level committee to formalise contacts on the issue of nuclear arms and defence questions generally.

The Foreign Minister has overall responsibility for security matters and, as a member of the North Atlantic council, sits in the most important policy-making body within Nato. Mr Van Mierlo nevertheless intends that he too will play an important role in the security debate.

Joint-founder of Democrats '66, Mr Van Mierlo is fully behind the party's position on Nato's plan to instal Pershing 2 and Cruise missiles in Western Europe. The party is opposed to deployment of the missiles at the moment but is prepared to change its mind if the balance between East and West were to alter. This vague formulation was decided on to reconcile differing views within the party.

Mr Van Mierlo's task is not an easy one. At last month's meeting of Nato's nuclear planning group he approved a closing communique which the Americans understood to amount to confirmation of Nato's earlier decision to deploy the missiles. Back home the Dutch Minister denied that the Netherlands had reconfirmed the Nato decision, but he admitted that the U.S. could put a different interpretation on the text—a balancing act which earned Mr Van Mierlo the private admiration of even his political adversaries.

The party that he helped set up in 1966 was meant to break the traditional mould of Dutch politics. After initial successes it suffered from becoming too closely allied in voters' minds

Hans Van Mierlo: a capacity to surprise

to the other parties of the Left. The argument within the party over where it should go from there resulted in Mr Van Mierlo resigning as leader in 1973. He remained in Parliament until 1977 but since then has held a number of official advisory posts—on defence issues and aid for the former Dutch colony of Surinam.

Mr Van Mierlo, now 50, is credited with a Bohemian life style and a capacity to surprise. He broke off his law studies for a year to drift around the south of France. After returning to the Netherlands he completed his degree and joined a serious Amsterdam newspaper, the (since merged) Algemeen Handelsblad. He made a mark as one of Amsterdam's circle of intellectuals and artists in the 1960s.

Political friends and opponents alike expect Hans Van Mierlo to bring original but practical ideas to the divisive nuclear issue. "All we can do, in my view, is accept the existence of the atom bomb," he is on record as saying to his party. "We must have the courage to accept this dangerous situation and to grasp the small chance there is that the terrible prospect of nuclear war will prevent it ever happening. In this way we must try to eradicate war as an element in man's history."

Charles Batchelor

Trying to grapple with the recession

GAS IS A useful barometer of the economic policies of any Dutch government. Accounting as it does for nearly 20 per cent of all government revenues, the Netherlands' largest single natural resource has become an essential factor in the country's economy.

The new government appears to be taking a close interest in gas but resisting the temptation to rely on it too much. Although it considered increasing its share of the oil companies' natural gas profits—already between 80 and 85 per cent—it intends to stick to an agreement reached last year.

Only if Royal Dutch Shell and Exxon fail to carry out their part of the bargain to invest heavily in the Netherlands would the government go back on its side of the bargain. If profits turn out markedly higher than forecast, the Cabinet would also reconsider its attitude. In the short term though sales and profits are expected to be as much as Fl 3bn (£650m) lower next year than originally forecast.

However, the Government could not resist the temptation to use an extra 4bn cubic metres of gas in power stations. This will bring in Fl 1.5bn a year but reverses previous policy of reducing the role of gas as a fuel for electricity generation.

The dilemma facing the Government is how to reconcile the need to reduce its large public spending deficit with its wish to soften the blow of the recession for those out of work or on low wages.

The new Minister of Social Affairs and Employment, the Labour leader Mr Joop den Uyl, has launched a programme to create 60,000 new jobs next year at a cost of Fl 2.5bn. Total spending on employment over the next three to four years is put at Fl 4bn with the aim of creating up to 200,000 full-time and 175,000 part-time jobs.

The Government has also set itself quite detailed targets on how income levels should develop. People earning the minimum wage of Fl 22,800 will see their real spending power decline by around 1 per cent. Those on the average wage (Fl 34,500) will lose 2 per cent and those earning four times the average will lose 3 per cent.

Funding the jobs programme and these income targets means that the public sector spending deficit may not be reduced as quickly as was hoped. The Government has set itself a target of cutting its deficit to 6.5 per cent of the national income next year though it is questionable whether this can be achieved. The deficit in 1981 will now be higher than anticipated—3 per cent of national income or Fl 24bn.

Apart from this more flexible approach to its own budget problems, the Government has also plans to ask more of the taxpayer. It will increase all but the lowest tax rate in 1982 to pay for part of the jobs programme. This tax increase is an interim measure until it can work out details of an investment surcharge. A small part of all incomes—probably a half per cent—will be withheld and used to finance job-creating investments either in the individual employee's company or within the same business sector. The unions would have a say in how the money was spent.

KEY ECONOMIC FIGURES
(Percentage change)

	1980	1981†	1982†
Government spending*	2.5	−1.0	0
Business investments*	−6.5	−9.0	−1.0
Private consumption*	−1.0	−3.0	−2.0
Exports*	1.5	0.5	5.5
Imports*	−1.0	−5.5	2.5
Gross National Product*	0.5	−1.0	1.0
Manufacturing output	1.0	−0.5	3.5
Wage bill per employee	6.0	5.0	8.0
Cost of living	6.5	7.0	6.5
Real disposable income of the average worker	−1.0	−3.0	−1.5
Unit wage costs in manufacturing	5.5	3.0	2.5
Current account (Fl 1bn)	−4.7	2.0	10.0
Unemployment (1,000)	248	375	460

* Volume.
† Forecast.
Source: Macro Economic Forecast 1982.

These proposals, in particular the plan to give the unions a say in investments, have been rejected by the employers. The unions are divided. Ominously the food processing union, currently the most militant, has said it will seek wage increases to compensate.

The Government's economic policies will be given their first real test in the 1982 wage round which will get under way in the next few weeks. The Government has stepped in, in the past two years, to curb wage increases and it is very reluctant to do this for a third time.

At close hand the Dutch economic debate is a matter of conflict and compromise over percentage points of growth or decline. The title once given by Mr den Uyl to a book on the Netherlands — A Country of Narrow Margins — is still particularly apt.

Stepping back from the fray, however, and comparing the economic performance of the country with that of its neighbours, the Netherlands is still in an enviable position. Inflation has increased over the past three years from 4.2 to 7 per cent, but it remains low by international comparison and is expected to fall slightly next year, according to official forecasts.

A major success of Dutch governments in the past few years has been to hold down the level of wage increases, even if in the past two years persuasion had to be replaced by coercion. Wage levels increased rapidly in the early 1970s, severely eroding the Netherlands' competitiveness abroad, but recent increases have been below those in many neighbouring countries. Labour costs per employee will rise about 6 per cent this year. What happens in 1982 depends on the forthcoming wage round.

A result of these developments is lower disposable incomes in the past two years, leading to lower private consumption levels. This has had the advantage of cutting import levels and improving the balance of trade. Exports are expected to rise only 0.5 per cent by volume this year but imports will fall by 5.5 per cent, according to the Central Planning Office, the main government forecasting agency.

A continued improvement in the trade balance next year is expected to lead to a more favourable balance of payments current account. The balance will return to a surplus this year of Fl 2bn for the first time in four years. In 1982 it is forecast to rise to Fl 10bn. A large part of this increase will come from a 30 per cent rise in the export price of gas, worth Fl 4.5bn in extra revenues, the planning office said in its annual review of the economy, published in September. However, new calculations show that gas revenues may not rise so steeply.

The firmness of both the trade and current account balances mean the guilder is likely to remain a firm currency in the near term at least. This should open prospects for a decline in interest rates, already among the lowest of countries belonging to the European Monetary System (EMS).

The 5.5 per cent revaluati[on] of the guilder within the E[MS] in October has been critici[sed] for making Dutch exports mo[re] expensive abroad and nullifyi[ng] the effect of several years [of] wage moderation. The offic[ial] view is that the Netherlan[ds] could not afford to move o[ut] of line with its largest tradi[ng] partner, West Germany. T[he] decline in import prices fr[om] countries such as France a[nd] Italy will help to reduce inf[la]tion further.

The most signal failure [of] government policies over t[he] past four years has been t[he] sharp increase in the numb[er] of unemployed. The Christi[an] Democratic - Liberal coaliti[on] which came to power in 19[77] set itself a target of reduci[ng] unemployment to 150,000 [by] 1981. The seasonally-correct[ed] jobless total at the end of Se[p]tember was 404,000, or 9.5 p[er] cent of the working populatio[n]. The number of register[ed] vacancies was 18,400.

The unemployment total w[as] 50 per cent higher than t[he] same month last year, while t[he] number of vacancies had be[en] more than halved. Even the[se] gloomy figures do not tell t[he] the full story since hidd[en] unemployment—women who [do] not register and people wh[o] "sick"—take the total we[ll] above 500,000.

Not only is this army [of] unemployed a major drain [on] the country's finances; it is t[he] biggest challenge to the Nethe[r]lands' reputation as a cari[ng] society. Pressure to subordina[te] all other goals to solving th[e] problem is strong, though t[he] new government has opted f[or] a middle course.

Charles Batchel[or]

Charles Batchelor examines the defence debate

Country divided on issue of nuclear weapons

"THE BATTLE over the Cruise missile has been won, it will not be deployed in the Netherlands" — Mient Jan Faber, chairman of the Interchurch Peace Council.

"Peace movement? I hate that term. It implies the rest of us are not for peace"—Ad Ploeg, Opposition Liberal Party spokesman on defence.

Two comments plucked from the debate which has divided the Netherlands in the past two years and forced upon it a key role in the discussion of Europe's security.

The bitterness of the argument has added 'Hollanditis'—a refusal to do one's share to defend oneself—to the vocabulary of invective. It also prompted the Dutch Defence Minister, Mr Hans Van Mierlo, to tell last month's Nato nuclear planning group meeting in Gleneagles, Scotland that his country was misunderstood abroad.

The Netherlands emerged badly mauled from the 1939-45 world war, its long tradition of neutrality shattered by the bombing of Rotterdam and the swift thrust of German columns through its inadequate defences. When Nato was established in 1949 the Dutch were among the founder members. They have remained loyal if increasingly critical supporters ever since.

Opinion polls produce large majorities opposed to nuclear arms or the deployment of Cruise missiles on Dutch soil but support for Nato is typically professed by around 70 per cent.

The criticism of the alliance's policies stems from a growing sense of unease at the spread of nuclear weapons. Anti-war groups are not the only ones opposed to their use. The policy of the past three governments, regardless of their political colour, has been to phase out the nuclear element of Nato's arsenal.

The Socialist-led government of Mr Joop den Uyl first revealed to the Dutch in 1974 that the country had already been allotted responsibility for tactical nuclear weapons—artillery shells, missiles and mines—as part of its role in the defence of Western Europe. Dutch governments have been trying since then to reduce the nuclear components and replace them with a conventional alternative where possible. One, perhaps two, of the nuclear tasks will be retained, however, to guarantee the Dutch a seat at the discussion table.

The Dutch armed forces have two main roles within Nato—the defence of part of the north German plain and the security of transport and communications from Dutch ports and airfields to the front line in the event of war.

The Netherlands currently has 107,000 men (and women) under arms, just under half of them conscripts serving for only 14 months. The front line consists of the 35,000 men of the First Army Corps assigned to a sector of northern Germany alongside British, German and Belgian units, and strengthened in war by an undisclosed number of reservists.

In the heyday of the reforming 1970s the Dutch soldier gained a reputation for being a long-haired rebel who objected to saluting his officers. Well-organised soldiers' unions replaced the traditional military hierarchy with a form of shop-floor democracy. This too has strengthened the view abroad that the Dutch were anti-militaristic to the point of undermining their own armed forces.

It is true the Dutch have done away with more of the rules than most of their allies, or their enemies, but the Defence Ministry maintains that the country's armed forces are as professional and motivated as any. The number applying as conscientous objectors has nearly doubled over the past five years to about 3,500 in 1980, though this still amounts to only 2.7 per cent of those registered for military service.

Dutch defence spending has risen 63 per cent from 1975 to Fl 12.1bn this year. As a proportion of government spending it has fallen from 11.3 per cent to 9.7 per cent. As a share of national income defence outlays have fluctuated in recent years between 3.3 and 3.5 per cent, putting the Netherlands at a mid-point in the Nato league table.

Standard frigate of the Royal Dutch Navy on patrol

The Dutch agreed in 1978 to go along with Nato's target of a real increase of 3 per cent a year in defence spending, though this year the country's economic problems have meant growth has been cut to 1.5 per cent.

It was Nato's decision to deploy 572 Cruise and Pershing 2 missiles in five West European countries—including 48 Cruise missiles in the Netherlands—which has split a country which was previously fairly sure of where it was going in defence matters.

Bargaining

The two Left-wing parties in the present government are against Nato's plan to modernise its European missile arsenal. Labour's rejection is absolute while Democrats '66 are opposed as long as there is no change in the present East-West balance.

The Christian Democrats are in favour of using the new missiles as a bargaining counter in disarmament talks. The Christian Democrats may be the largest party but they have no overall majority within the coalition and they also contain a minority of MPs who oppose the new weapons. In parliament as a whole the anti-Cruise faction could probably produce a small majority.

The undignified contortions of the past two governments over the modernisation issue have resulted from the almost impossible task they have faced on reconciling Nato pressure with domestic political factors. The Dutch implicitly agreed in 1979 that the U.S. should start production of the new missiles but put off a decision on whether to allow their deployment until December 1981. Factors to be taken into account were ratification of the SALT 2 agreement by the U.S. senate, and the progress of disarmament talks between Washington and Moscow.

Salt 2 has not been ratified though the Government remains hopeful that the SALT process will be continued. The delay in starting disarmament talks—they begin later this month—has proved reason enoug[h] though for the Dutch to put o[ff] a decision indefinitely.

Delay is essential for th[e] present government if it is t[o] remain in office. Labour ha[s] warned that it will withdra[w] from any Cabinet whic[h] approves the stationing of th[e] new missiles in the Nether[]lands. In turn, the majority o[f] the Christian Democrats coul[d] not accept further postpone[]ment if the disarmament talk[s] were clearly to have failed.

Mr Van Mierlo, a member o[f] Democrats '66, called upon h[is] Nato counterparts at la[st] month's Gleneagles meetin[g] not to view Dutch misgiving[s] as a sign of neutralism o[r] pacifism. The concern felt b[y] many people was that th[e] chances of a "limited" nuclea[r] war being fought in Europ[e] had increased and had des[]troyed their faith in the prin[]ciple of deterrence.

Democratically - electe[d] governments faced a challeng[e] which does not confront totali[]tarian regimes, he argued. The[y] must persuade their people b[y] the strength of their argument[s] and by taking their fears int[o] consideration. This approac[h] should permit a policy of re[]ducing nuclear armaments to [a] minimum and, in ideal circum[]stances, lead to the removal o[f] nuclear missiles in both Eas[t] and West.

Arguments

Ironically many of the Minister's arguments are als[o] used by the Interchurch Peac[e] Council, the Netherland[s'] largest anti-war group. "We ar[e] not in favour of a 'clea[n] hands' policy like the Danes" says its chairman, Mr Mient Ja[n] Faber. "We are not callin[g] for the Netherlands to leav[e] Nato, nor are we in favour [of] neutralism or isolationism."

In 1977 the council steppe[d] up its campaign, launching t[he] slogan "Help rid the world [of] nuclear weapons, starting w[ith] the Netherlands", with wh[ich] it has had such success. [] preventing the stationing of [] missiles is only one part of [the] organisation's strategy. [] main aim is persuade the [poli]tical establishment that cre[] policies aimed at guarante[eing] peace are needed.

Michael Van Os looks at the work and careers of some of the country's most successful businessmen

DR WISSE DEKKER

Looking for a new era

ISSE DEKKER, 57, who he number-one position at s, the Dutch-based multi- al electronics giant, on y 1, could have wished for times.

side Europe the company faring badly. But inside, ressure on margins as a of the economic urn has been felt for time. The company has embark on a massive re- uring programme, leading loss of almost 20,000 jobs wide this year.

several countries Philips eased to be the popular yer it once was.

Dekker—friendly, if some- reserved and having a ten- like many other Philips ecutives to shield his pri- life from publicity, is not to be deterred by the s criticisms which have oiced particularly strongly Netherlands.

er taking the board chair- nip from Dr Nico Roden- who is retiring early be- of health reasons—Dr r, the younger one of the deputy chairmen, will be r than most to lead Philips another era of successful h.

is used to successes him- and not just in his career. s' biggest contract, the project obtained with son of Sweden to install 470,000 new telephone lines in Saudi Arabia (a follow-up order of 110,000 lines has since brought the total project value to a staggering Fl 6.3bn (£1.35bn) was pulled off on the Dutch side by Dr Dekker himself.

Although born in Eindhoven, the domicile of Philips, Dr Dekker has always felt at home across the seas.

He joined the board in 1976, having worked for Philips in Britain for four years. Before that, he had long spells in Japan —always a useful experience for a European electronics company executive—and in Indonesia, with a short spell at head office, before joining the company in 1948.

His British experience ("what I've seen happening on the industrial side there was quite unbelievable") must have had a special impact on Dr Dekker. This may explain why he soon built up a reputation, once back in Eindhoven, as a "tough man." He is more outspoken when it comes to dealing with the outside world than his two predecessors.

At a meeting with Dutch newspaper editors in March 1979 he warned that the English disease—"economic chaos with chaotic social impact"—could hit the Netherlands, too. After his return from Britain Dr Dekker said he had noticed in the Netherlands that labour relations had become characterised by increasing polarisation and confrontation, a new trend that worried him deeply.

Dr Dekker is not only carrying out his battle in the Netherlands. At the 90th anniversary lunch of the Netherlands-British Chamber of Commerce in Rotterdam in June this year, he said the European business community was being threatened from many sides—"increasing protectionism, Japan Inc and *the developing countries*"—and something had to be done.

He urged employers to take a united stand. "Up to now business has lived its own life, more or less in an ivory tower and could do so, without paying much attention to what happened in the world outside. Now the time has come to step out of this tower, to abandon the defensive attitude into which business has been pushed and to take the lead in a massive attempt to change the current situation," he said.

In the Netherlands, it is commonly said that if there is *something wrong with Philips*—the country's largest employer with 77,000 people — there is something wrong with the country.

If this is the case, Dr Dekker is not the man to hesitate to let the Dutch know how things should be put right.

GERRIT WAGNER

Busy after retirement

WITHIN a short timespan Mr Gerrit Wagner has become the *Netherlands'* best-known industrialist—after his retirement from the Shell Group four years ago. He had joined that company in 1946, working in five different countries and in 11 different positions before becoming chairman of the board of managing directors of the Dutch-British oil group in 1972.

He retired, aged 60, in June 1977, upon which he was named supervisory board chairman of Royal Dutch Shell.

In 1973, when the Netherlands was *hit* by an *Arab oil* embargo, Mr Wagner, an affable and approachable man, often appeared on Dutch radio and television to explain to the worried Dutch burghers what was happening.

After his retirement from Shell things changed. He started taking a more active interest in politics by becoming a member of the Christian Democratic Party, and expanded the number of companies and organisations where he was on the supervisory board, usually as chairman.

These include the Dutch Central Bank, KLM and Hoogovens and outside the country the interantional advisory committee of Chase Manhattan Bank.

Mr Wagner also took on an assignment to review the efficiency of the Dutch road transport system. Later he became chairman of a very high-powered commission to investigate what was wrong with Dutch industry and what *should be done to ensure its* survival. He also headed the consortium of Dutch industries negotiating with the Soviet authorities for orders in connection with the proposed huge natural gas pipe line from the Soviet Union to Europe in which the Netherlands may participate.

The industry report was well received by everyone except the unions, which had criticised Mr Wagner for putting too much stress on the need for further wage moderation and maintain income *differentials. The fate of the* report is now in the hands of the current Government but he is hopeful that some recommendations will be carried out.

Mr Wagner has become an industrial eminence grise, appearing at numerous congresses, giving interviews to anyone who is interested to hear his view on the country's economic situation and the need to revitalise Dutch industry and business in general. One of his more recent fights has been against the continuing process of incomes levelling in the Netherlands, which he says is killing *initiative and motivation.*

PHILIP DIDERICH

Man behind the profits curve

MR PHILIP DIDERICH, the 61-year-old chairman of the board of Ballast-Nedam, one of the Netherlands' leading construction companies, has something to boast about again.

After the three giant orders he had personally managed to secure in Saudi Arabia in 1975 *and 1977 it was revealed earlier* this month that a Middle East investment group had apparently been so impressed by his company's performance that it had decided to increase its shareholding from 33 per cent to about 70 per cent. So far, Arab investors seem to have virtually ignored Dutch companies.

Six years ago things did not look too good for Ballast. It had plunged into losses owing to the recession in the domestic building sector, on which it was then heavily dependent, and had suffered major problems on two foreign contracts. *That year the company was re*organised by an outside management consultancy and also the way the top management operated was drastically altered.

Ballast was the product of a merger in 1968 of the Ballast and Nedam companies, but insufficiently integrated to benefit from the link-up.

At the recommendation of thet consultancy a permanent chairman—Philip Diderich—was picked. Mr Diderich, who *had started with the company* when he was aged 21 as draftsman, became a member of the management of Ballast in 1963 *and went into the board of the* merged company in 1968, becoming chairman in 1975.

Diderich: a quiet pipe smoker and in his spare time a keen sailor and golfer who also restores old farmhouse furniture, certainly blossomed. In 1975 his company was back in the black and net profits have climbed each year ever since. *This year profits should rise* about 12 per cent to about Fl 25m on a turnover of some Fl 1.8bn; its order portfolio totals more than Fl 4bn.

Foreign contracts, which accounted for 36 per cent of turnover in 1973, have now *increased to 70 per cent. Of* this, 70 per cent is in Saudi Arabia. The staff of the Amstelveen based company totals about 6,800

The company's growth inevitably caught the attention of investors. After Ballast had said in 1977 that it wanted to expand its risk capital, Arab businessmen, including Saudi *Arabians, acquired a stake of* 16 per cent hrough Minerfa Holdings, an investment group with a number of large industrial holdings.

Minerfa increased its share to 33 per cent later that year after the Dutch Heerema Engineering and offshore group failed to gain control of Ballast. Earlier this month, Minerfa look over a block of shares held by Antillian holding company (Heerems), giving it a share of about 70 per cent in Ballast.

FRANS SWARTTOUW

eeking new problems

ING FROM the world of to that of aircraft, from ffice in the world's busiest to one near Holland's nal airport — a dramatic for any executive, but ly for Frans Swarttouw, the ebullient president of ker, the Dutch aerospace ern, who has taken the ge in his stride.

e joined one of Holland's tige companies nearly 3½ s ago from Europe tainer Terminus, a terdam-based company he built up to become Europe's est and most modern ainer business. Explaining nove, he says: "My old job become clear-cut. I wanted problems, and I can assure I've got them."

kker, which had fared during the 11 years of ow disbanded merger with Germany's VFW aero- concern — forming pe's first truly trans- nal merger, needed a ugh management shake-up. predecessor, the former n resistance leader, Gerrit wijk, had been a staunch rter of a truly European pace *industry to compete* its arch rivals, the icans.

Swarttouw had different picked up in his many in the international ship- and transport business. world doesn't stop at *London or Bonn," he always* said, and he soon got talking about his new aircraft to the Americans.

It was a move that did not make him popular in Europe. But Swarttouw knew full well that if Fokker were to remain an independent, self-contained aircraft company with its 8,000 staff he had to talk with the Europeans, the Japanese and with the Americans about partnership possibilities.

He eventually decided to go ahead with McDonnell-Douglas to manufacture a joint medium-range aircraft, to be called MDF-100. However the official go-ahead has not yet been given and some observers, pointing to the recent deterioration in the airline business, feel that the plane may be postponed for some time. The new *aircraft* is regarded as vital for the survival of Fokker as a viable manufacturer.

Frans Swarttouw's open-mindedness, his disarming directness and his fine nose for publicity has earned him the reputation of being the country's most outspoken top manager, a trait appreciated by *almost everyone. Unions are* pleased when he says: "At troubled companies the management is primarily to blame. And not, what is usually stated, changes in the economy, for the companies should have adapted to them."

Mient Jan Faber, profiled here, leads a remarkably influential group

ushing ard for eace

Mient Jan Faber: on the way up

UNOFFICIAL leader of nti-war movement in the erlands is Mient Jan Faber, tary of the Interchurch Council. With its slogan p rid the world of nuclear ons, starting with the erlands," the council has a major contribution to popularity of the peace .

Faber, 40, was working on octorate in mathematics at erdam's Free University he was asked if he would n the secretaryship of the e Council. His work for lopment aid in South rica drew him to the coun- notice and he still devotes of his time to a church lopment aid group.

e peace council was a ch initiative but its 20,000 members do not neces- y belong to any particular ch.

quietly-spoken man who ly knows where he wants ke the peace council, Mr r is keen to point out that tion of the Cruise missiles ly part of a broader strategy iange political attitudes to- s the security question.

e peace council, with its n full-time paid workers, ard at work establishing acts in Poland "though the ches there are very con- ative," in East Germany in Rumania. "We aim at small countries in East and t where we seek contacts groups critical of their community," he explains.

est Germany is the key to eving a change of attitudes he West at least, though it ld be naive to think that the n Government will be easily uaded to remove nuclear pons form its soil, he con- s.

e peace council maintains e contact with its West Ger- counterpart—the Action Group for Reconciliation—and a representative of the West German movement is permanently based at the council's headquarters in The Hague.

It follows very much its own line and generally has little contact with other peace groups, such as the Communist Party-backed "Stop the Neutron Bomb campaign."

Does Mr Faber feel the peace council is making any headway? He makes this reply: "It's depressing when you see the new weapons systems which are being developed but we are on our way up. We have achieved a political impasse in the Netherlands.

"What we have to do is show we can argue effectively and become a force which is respected by the established institutions. We must show we understand how decisions are taken so the general public sees we are not just vague idealists.

"I must stress that we want to achieve results in both East and West. We do not intend a vertical process of first getting rid of nuclear weapons in the West and then going on to get rid of conventional weapons."

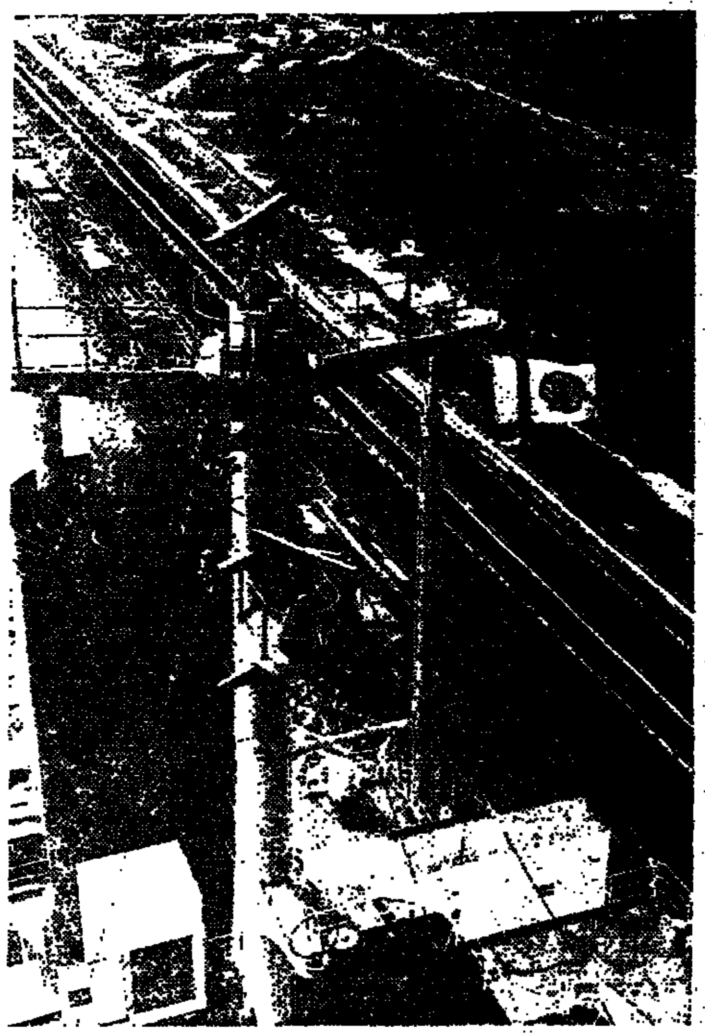
Charles Batchelor

Coal likely to fill the energy gap as gas fields expire

THE NETHERLANDS faces the prospect of an acute energy crisis within five years and is hoping to solve it by paying court to Old King Coal.

Natural gas, which fuelled the rapid industrial expansion of the 1960s and sustained it through the tougher times of the 1970s, is expected to decline sharply during the 1990s, and the rundown has already begun. A strategic reserve will be held on to for emergency purposes, but the great days of the huge Groningen field will be over, and the little fields, squeezed to the pips, will be only a memory. The Dutch, for 20 years unused to such a shortage, will have to re-enter the market place.

Naturally, they have considered nuclear power. A handful of reactors would be enough. The anti-nuclear movement, however, has grown to such an extent that this is a long-term hope at best. To some extent, windpower could help to fill the nation's sails again—just as it did in the windmill era—but here, too, the potential is less than immediate, and so it is to coal that Holland's thoughts are turning.



A bulk carrier unloads coal at Rotterdam

Coal used to be mined in the Netherlands, in the southernmost province of Limburg, but it is considered impractical to re-open the pits. The seams are too thin and the reserves inadequate. So coal has to be imported, and the Dutch are determined that if their fuel cannot be indigenous, at least the skills involved in its use can be home-grown.

Steenkolen Handels Vereniging, the Dutch Coal Trade Association, based in Rotterdam, was once a flourishing business, and hopes to become so again. For some time, there have been import deals with the U.S. and Poland, and it is hoped that these will be expanded so that as many power stations as possible can be converted from gas and oil-fired boilers to the use of coal. The Dutch hope indeed to become one of Europe's main coal gateways and to make themselves important in the area of distribution and pollution control.

Several coal-fired power stations already exist—producing some 2 per cent of the nation's needs—but there are plans afoot for the construction of a big new plant in Dordrecht and another at Velzen, near Amsterdam. The Dutch companies, Stork KAB, of Hengelo, and De Schelde, part of the RSV shipbuilding group of Flushing, are already skilled in the manufacture of coal boilers and are optimistic that a government-established working group on conversion to coal-firing will result in extra employment for their workers.

At the same time, there are those in the Netherlands who are more than usually worried by the drop in availability of cheap oil and gas.

The Association of Electricity Producers (SEP), made up of regional and municipal authorities, has invested heavily in oil and gas technology in the past 20 years and is extremely concerned about the high cost of converting to the use of coal.

Unresolved

Moreover, the Government proposes an increased use of 1981-82. This, it argues, would help fund the proposed spending programme by generating increased revenue. Unfortunately, it would also help deplete gas supplies more quickly while leaving the structural energy problem unresolved.

Nuclear power as an issue has already been put on ice. Dr Jan Terlouw, a nuclear physicist and Energy Minister in a previous Government, had won Cabinet backing for his proposal that three 1,000 MW nuclear stations should be constructed to add to the two 500 MW plants already functioning, one in Zeeland, in the south west, the other near Arnhem.

The public outcry was considerable, though, and the new Government was forced to compromise with the protectors by setting up a committee of experts to look into the whole question. A report is not due until the autumn of 1983, but a second committee *could* recommend the closure of the two existing plants as early as next spring, cutting national electricity output by 5.6 per cent.

Ironically, Holland is already ringed with nuclear reactors. There are several just across the frontier in West Germany, one outside Antwerp, in Belgium and another planned by the Belgian Government for construction near Maastricht.

The new coalition Government, comprising the Christian Democrats, the Labour Party and Democrats '66, is divided on the issue. The Christian Democrats are for, Labour strongly against and Democrats '66 somewhere in the middle and the result has been a steadfast refusal to decide.

Everyone is agreed, however, that something has to be done to bring down the cost of electricity to industry. In the Netherlands electricity costs up to twice as much as in West Germany and Belgium, both of which have their own supplies of coal. In at least one instance, the Government has been warned that closure could follow continued inaction on the problem.

Nedstaal, the Dutch subsidiary of the West German Thyssen group, has said that its special steels sector will be transferred back to the Federal Republic unless electricity costs come down. Domestic users are also complaining and consumer groups have joined in the call for an effective low-price strategy for the future.

Naturally, if the country was using its existing gas supplies to the full, the problem could be staved off for another 18 years or so. Some academics say longer. Instead, the Groningen field—one of the biggest in the world—is to be conserved. It has one remarkable feature, apart from its size. It can be turned off more or less like a tap, unlike many of the smaller fields and is to be drawn on only sparingly in the future, thus providing a strategic reserve and aiding the Dutch chemicals industry which prizes its gas as a raw material.

Prices to rise

In parallel with conservation the Government intends gradually to bring Dutch gas prices up to the world level. The 1960s were a period of extremely cheap energy, and a number of industries were attracted to Holland by this fact alone, including aluminium smelters, which now provide employment in several deprived regions of the country. Gas prices have to rise, yes, but simultaneously something has to be done to compensate industry.

In Zeeland, Pechiney, the French aluminium producer was attracted by one such compensation: the local nuclear power plant, and this is now threatened with extinction. Steel producers are also alarmed. So if nuclear power is not to be an option—at any rate for the moment—then it is felt that action must at least be taken on coal, despite the complaints of the electricity producers.

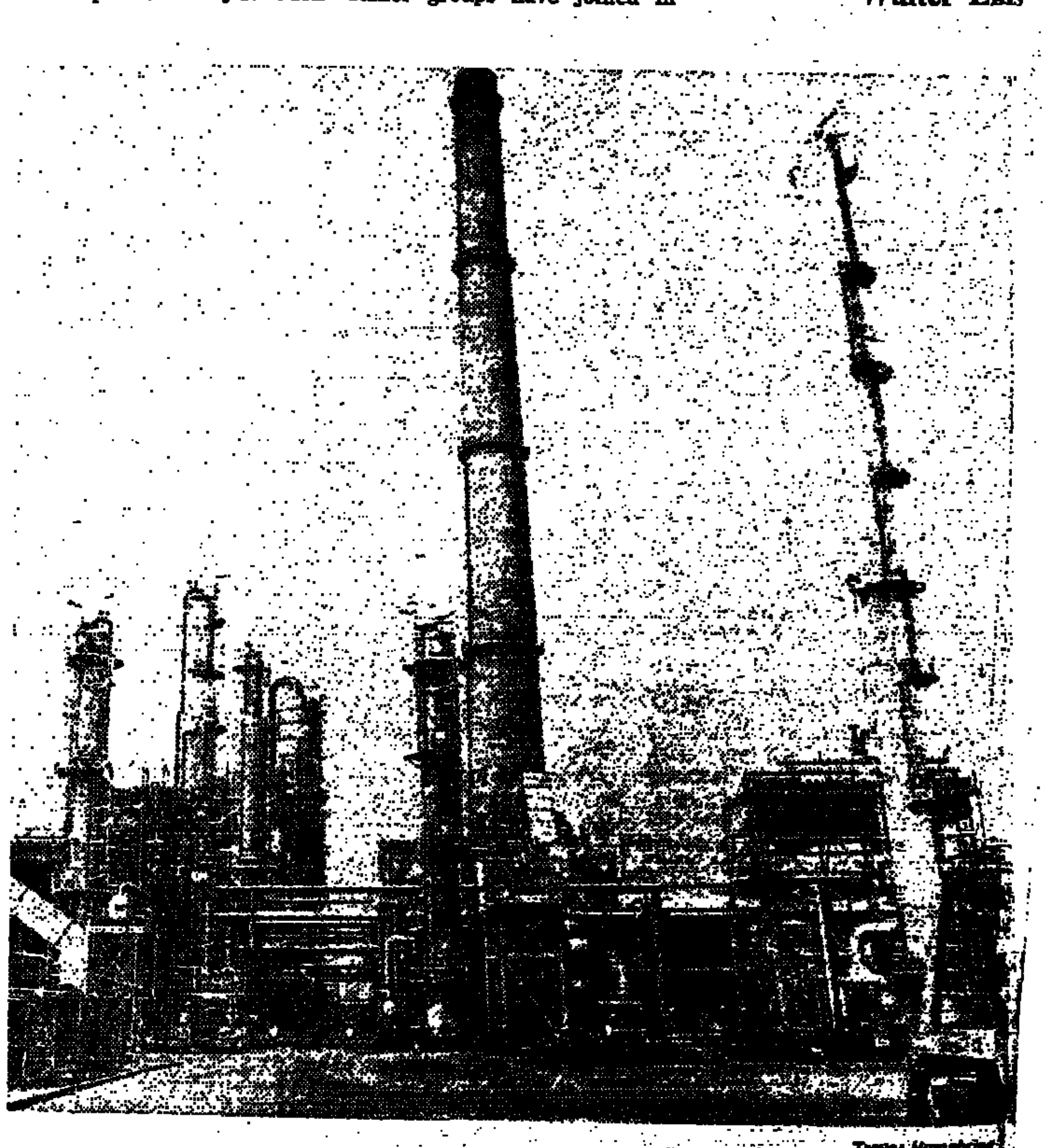
There is, of course, one other element in the equation: oil. The Netherlands, through the port of Rotterdam, is a major centre for oil imports, and the country itself brings in large quantities from the Middle East. Prices are more stable than for some time, but sources are neither certain nor inexhaustible. It has some small oilfields of its own, but production so far is negligible.

Holland, meanwhile, is a partner in the massive Western European consortium which has negotiated with Moscow for natural gas supplies from the Soviet Union by way of a 5,000 km pipeline from Siberia. The Government is not unduly concerned about Washington's opposition to the Soviet pipeline but does wish to keep its sources of future energy supply as varied as possible and thus cut down on the risk of bilateral dependence.

Five years from now, the Netherlands could have five modern nuclear power stations, coal contracts with a number of governments, East and West, oil from the Middle East and the North Sea, modest supplies of natural gas from its own fields and more from Russia and perhaps even some futuristic windmills.

On the other hand, it could continue arguing and debating forever, while industry and its citizens burn off what is left of the country's gas. Most people recognise the danger: now it is concerted action which is required, if not on all fronts then on some. The politicians are agreed: there is no other way.

Walter Ellis



Mobil's oil refinery outside Amsterdam

Public focus back on industry

IE NETHERLANDS these the public focus is back ndustry. The need to lise the sector that has d so much of the country's ı is clear, and views on his can best be achieved wide apart, are moving

government level, too, rial policy is taken more sly. In one of his first iews after entering office, n Terlouw, the Economics er, stressed this point. He this way: "In the 1970s, an industrialist in the rlands was hardly led as earning a respect-living: it was said the rialist was only interested king profits, damaging the nment in the process, on. But today, everyone, ective of political colour, es that the money has to ned somewhere."

he very gloomy view the take of their economy, is one bright spot about osition of industry. Its titive position has im-l over the last few years, the improvement has, me extent at least, been out again by the recent ation of the guilder. The e for the better is itable to the recent period ge moderation combined, past year, with an effec-epreciation of the guilder esult of the strengthening

ertheless, more should be about the position of ry, and soon. It is con-d a mistake that part of huge natural gas sales ues were not used to nise Dutch industry at a earlier stage. Instead, the y was spent on stimulating mption and to help finance uper welfare state. Those that did end up with try were mainly aimed at g ailing companies, and, all often, the funds were d.

Industry is still a big employer providing 900,000 jobs. Together with the building sector and public utility companies, its share of total employment is some 30 per cent, having exceeded the 40 per cent level in 1930. The service sector, including government, has become the big growth area, accounting for just over 60 per cent of employment today.

The position of industry has been reviewed several times in the past few years. While the services sector has become the dominant employer, industry accounts for at least 65 per cent of Dutch exports. Its share of the domestic market is calculated at about 55 per cent, so the importance of industrial development to the balance of payments is considerable.

Changes

After the period of big growth in the 1960s, some dramatic changes have taken place in the industrial picture in the past decade. Natural gas, it has turned out, has had some disadvantages, too. The Groningen gas had been available for industry in ample quantities and it was, in the beginning at least, very cheap. The Netherlands, and more particularly the Rotterdam area with its good geographical location, attracted energy-intensive (and, in view of the high cost of labour also capital-intensive) industries such as petrochemicals.

In fact, the densely-populated Rotterdam area became so congested with heavy industries that the national authorities imposed special levies to try to sway companies to expand or set up factories in other Dutch regions. To obtain the necessary environmental licences had become a tremendous headache for industry and regulations were becoming stricter than in most other countries. By and large, complaints were limited, for it was also appreciated that relatively high wage levels were compensated for by the cheaper gas.

After the energy crisis, the situation changed. Unemployment soared, and to obtain extra funds to combat unemployment, the price of gas was raised sharply. Soon industry started to complain that it was being forced to pay more for its energy than competitive industries in neighbouring countries.

Earlier this month, the VNO, the main Dutch employers' organisation, rang alarm bells over the issue of energy costs for industry. It claimed that electricity charges were one and a half times as high in the Netherlands as in West Germany or France. The employers charged that the improvement in the industry's competitive edge as a result of wage moderation had been eroded to some extent by soaring energy costs.

The VNO said that it was "of the utmost importance that electrical power stations start to use cheaper fuels such as coal and nuclear energy as is customary in other countries." At present about 80 per cent of their requirements were covered by oil and natural gas. The employers blamed the electricity companies and the Government for continually shelving decisions on alternative fuels.

Though it was obvious that the employers wanted to add a bit of pressure at a time when the new Government was formulating its industrial policy and the "public debate" on the need for nuclear energy to cover Dutch energy requirements was moving into a new phase, no one denies that Dutch industry is indeed at a strong disadvantage so far as energy costs are concerned. However, the Government stated in its policy document published on November 16 that it intended to accelerate the change to coal at the electrical power stations. This would lead to a substantial reduction in the cost of generating electricity which would be reflected in the tariffs.

Industry's return to grace has been translated into a number of measures by the new Left-of-Centre Government. The Government has allocated for 1982 a sum of Fl 330m to set up a company to invest in promising industrial projects on a risk basis, together with private institutions. The establishment of an industrial project company (M.I.P.) had been recommended by the Wagner Commission.

Stimulate

It is freeing another Fl 250m to stimulate promising industrial activities and the Government will also be paying special attention to the problems experienced by small and medium-sized industrial companies. The Government has also pledged that "obstacles to industrial activity—unnecessary delays in awarding various licences, for example—will be dealt with. Innovation in general will be stimulated as much as possible and the introduction of tax relief for research activities is being contemplated."

Presenting his Cabinet's policy statement for 1982 Mr Andries Van Agt, Prime Minister, said that in stimulating the business sector "reindustrialisation policy will play an important part."

The change of climate as far as industry was concerned was heralded by an investigation into the industrial structure and the future possibilities by the Government's scientific advisory counsel (WRR), which was drawn by a team led by a left-wing Rotterdam university economist, Mr Arie Van Der Zwan. His message was that Dutch industry was moving downhill at a worrying pace. The search for technologically advanced products would have to be stepped up and several existing sectors of industry would have to be rejuvenated or else an important source of income would be faced with extinction.

The previous Centre-right government was receptive to these recommendations. But, in a typically Dutch move, appointed another study group to check whether the WRR's view was correct and what should be done. This time, it wanted the industry's view. A high-power commission led by the Shell group's former chairman, the recently retired Mr Gerrit Wagner, was established. It included several captains of Dutch business and industry, including Mr Harry Langman, a former Economics Minister, of ABN Bank, Mr Anton Dreesmann of Vroom in Dreesmann, Mr Albert Pannenborg of Philips, Mr Wim Bogers of DSM, Mr Frans Swarttouw of Fokker, Mr Henk Vredeling, the former European Commissioner for Social Affairs and two trade union leaders.

The commission concluded that "despite the many threats, the chances of survival for Dutch industry are very big. It will not be a battle for a lost cause."

It drew up a list of 23 wide-ranging recommendations. They included setting up the MIP, to increasing income differentials, ceasing aid to lame-duck companies, stimulating small and medium-sized companies, continuing a policy of wage moderation and reducing environmental and energy costs for industry.

Michael Van Os

Petrochemicals cutbacks force a rethink

NETHERLANDS has long a major centre for petrocals production and oil ıg. But during the past nths both industries have ed throughout Europe he recession plus massive ıpacity—and the impact e Netherlands has been ularly strong.

r-capacity in petrocals, plastics and oil ıg has been the bane of rn Europe for years — gh during periods of ely healthy economic ı, producers have not felt orst effects of it. But the ion, which led to tic drops in demand of 30 per cent for some hemicals, plastics and oil ts, has finally forced ers to start coming to with the supply/demand on.

a result plants, particu- older, less-efficient ones, been permanently shut Others are under the of closure. And most oil hemical companies have serious re-think about long-term investment

ı the possible exception st Germany, there can be countries where this of gear by the oil and al companies has had a dramatic effect than in etherlands. The reason is that the Netherlands is n important producer of l of chemicals.

ıres from CEFIC — the ean Council of Chemical acturers' Federations — that in 1979 the Benelux ies were the second- t West European pro- of ethylene, the so- building block of the hemical industry that is n the making of a wide of things from solvents stics. The CEFIC fore- show the Benelux ies will maintain this n right through until

ecasts

same CEFIC statistics that in 1979 Western e's total ethylene ty was 14.7m tonnes—as t a consumption of only tonnes. And its forecasts t that in 1984 Western e's capacity will have to 17.6m tonnes — 3.2m of it in the Benelux ies—while consumption ave gone up to only 13.9m .

CEFIC figures show a r picture for other basic cals, such as propylene is used in the making of s. Again West Germany ecast to be the biggest al producer by 1984 with enelux countries second. again, substantial over- ty is predicted.

backs in capacity and in d capacity must inevi- follow such an imbalance n supply and sales s. Perhaps the most manifestation of these Netherlands in the past year has been the decision of the U.S.-based Gulf to pull out of petrochemicals in Europe altogether and to cancel a proposed $200m chemical project in Rotterdam.

Gulf already has substantial base chemical production capacity at Rotterdam and it had planned to build a 300,000 tonnes a year styrene plant there plus an alpha olefins plant and an associated synthetic lubricants plant.

Decided

But the company is believed to have decided that the money it was intending to put into its Rotterdam chemicals complex would be better spent on its oil and oil products business. Gulf is thought to have been losing $10m a year on its European chemicals business on a turnover of some $300m a year.

Gulf has been only one of many European chemical producers whose profits have slumped over the last year. Net profits of the Dutch-based Akzo chemicals and fibres group were halved in the first six months of this year—although this was better than the second half of last year when the company had a net deficit of Fl 68m.

Akzo expects to make a "modest profit" for 1981 as a whole although it has said it will come "nowhere near" making what it regards as a reasonable net profit of around Fl 300m.

One of Akzo's biggest problems has been its fibres business. Enka, Akzo's loss-making fibres division, wants to shut its polyester filament yarn factory at Breda. But in October a Dutch court ruled that it could not do so because it had failed to take sufficient account of all the interests involved when it rejected the plant's works council's advice to keep the factory open.

The trend towards plant closures and falling profits is depressingly widespread.

The operating profits of DSM, the Dutch state-owned chemicals group, have also fallen. Last year DSM's operating profit of Fl 209m was almost half what it had been in the previous year. And in the first half of 1981, the group's operating profit was 20 per cent lower than in the first half of 1980.

Some of DSM's chemical businesses—such as fertilisers—had held up well but these could not wholly offset the lower volume sales and reduced profit margins of such sectors as plastics.

Despite the world oil glut, which has hit the refining industry throughout Western Europe, oil-based raw materials for the petrochemicals industry have not always dropped—certainly not in local currency terms. This had added to producers' problems—not least in the Netherlands.

Figures from the Royal Dutch/Shell group show that in Dutch guilders the price of naphtha, the most important of the petrochemical industry's oil-based raw materials, has been rising sharply ever since the end of last year. On an index in which the naphtha price at the start of 1979 is 100, the price of naphtha in terms of guilders rose to 170 in the fourth quarter of last year and soared to 240 during the third quarter of this year.

On the same basis, the index shows that the sterling price of naphtha had risen to only 180 by the third quarter of this year while the dollar price had actually fallen since the start of 1981 from about 185 to 175.

The Royal Dutch/Shell group points out that although the petrochemical industry operates very much on a European rather than a national basis in many ways, it is local currency costs that count when it comes to product prices and to profitability. As far as all-important naphtha costs are concerned, the Dutch petrochemical producers have been at a considerable disadvantage compared to their U.S. and even their UK competitors during the past year.

But the increase in local currency naphtha prices, however dramatic, can have provided little comfort for Dutch oil refiners—among them the Royal Dutch/Shell group.

The world oil glut, caused by the recession and by the high crude output by Saudi Arabia, plus the sharp drop in demand for oil products, caused again by the recession, plus greater energy conservation and a switch away from oil to other fuels such as coal, has led to a slump in profitability. It has also highlighted the problem of overcapacity in refining.

Cutback

The Royal Dutch group is now planning to cut back refining capacity in the Netherlands. Royal Dutch and British Petroleum are also cancelling a £90m liquified petroleum gas—LPG—terminal project in Rotterdam. The Shell group may also cancel one of two gas-from-coal projects planned for Holland and West Germany.

Yet despite reduced profits and the abandoning of chemical plants, refineries and other energy projects, the longer-term outlook for the Dutch oil, energy and petrochemical industries is far from being entirely black. The cuts that have been made should leave the country's oil-based industries more streamlined than before.

The geographical position of the Netherlands has led to its being a focus for petrochemicals production and for oil refining as well as the centre for the European spot market in oil products and petrochemicals. There is little reason why the country should not emerge from the dark days of 1980-81 with its position as one of the leading European producers of oil and petrochemicals intact.

Sue Cameron

Expansion of finance levelling off

THE PACE of trading is slowing for the banks and insurance companies in the Netherlands. The rapid expansion of profits in recent years is giving way to more sedate progress in 1981 as the hard facts of economic life take hold of the two industries.

Insurance company profits have continued to more ahead but much of this year's progress stems from favourable currency swings. Banking profits have been distinctly mixed over the first six months of 1981, hit by sluggish lending and squeezed margins.

Once fashionable, both industries have been rejected by investors, and the two sectors are among this year's worst stock market performers. In the face of the much higher income returns to be found elsewhere, bank shares are showing declines of more than a sixth while the insurance sector is trailing by close on a tenth.

The banks have had to absorb a housing market collapse. The main mortgage bank, Westland Utrecht, is in serious financial difficulties, and a small commercial bank, Slavenburg's Bank, has been forced deeper into the arms of its major shareholder, Credit Lyonnais of France.

Rumblings like this have only added to the banking industry's problems of confidence at a time of reduced lending and narrowing margins. Bank lending in the first half of 1981 could rise by only 8 per cent, compared with growth of 16 per cent on average for the industry in the three years to 1980.

High interest rates — and capital markets yields have been topping 13 per cent this year—have put a savage tourniquet on banking margins, and bad debts have been rising. The two main commercial banks, ABN and Amro, put a combined Fl 310m towards risk provisions in their 1981 interim accounts.

High interest rates have been attracting a steady flow of foreign deposits, and Dutch banks have not been slow to expand their Euromarket operations. But here margins are wafer slim at best. Costs though have been relatively stable, and the immediate prospect here has been helped by recent government wage curbs.

Tougher

But competition is getting tougher all the time. Like most mature industrial economies, Holland is probably overbanked, with too many bank branches chasing the available business. The major banks have a wide international spread, but domestic operations remain crucial to earnings. The national savings banks have recently been getting very aggressive in Dutch consumer markets.

The unfavourable trading background has shown up in a number of patchy results. Rabobank, which has borne the cost of extensive foreign expansion, could manage only unchanged profits after tax in the first half of 1981. At NMB interim net profits slipped by 9 per cent with the decline in per share terms extending to 14 per cent.

Profits at ABN and Amro have continued to move ahead but a number of strains are beginning to show. ABN managed to lift net earnings by a quarter for the opening half of 1981 but in per share terms the gain was limited to 11 per cent. At Amro the growth percentages were 8 per cent and 3 per cent respectively.

But the major banking upset of 1981 plainly has been the difficulties suffered by Westland Utrecht where net profits slumped to Fl 4.2m for the half-year from Fl 16.8m a year earlier. Profits all but disappeared entirely in the second quarter, and the bank has been forced to dispose of Fl 3bn in mortgages to a major Dutch pension fund.

Dutch house prices have tumbled by more than a fifth since early 1979, and there is still no obvious signs of a recovery. Westland Utrecht has sold its prestigious Amsterdam head office, and is looking to 1983 for the beginnings of a recovery.

In contrast, the Dutch insurance industry continues to present a solid front. Helped by currency translation gains, profits among the major companies moved ahead at a comfortable rate during the opening half of 1981, although understandably the pace is beginning to slow.

Over the past five years, the insurance industry has notched up average annual profit gains of a fifth. This year Nationale Nederlanden was 13 per cent ahead after six months and expecting profits to rise by a tenth for 1981 as a whole.

Currency factors clearly have been a major bonus for the industry. Last year the dollar appreciated by an eighth against the guilder with sterling moving up by a fifth, and although this sort of headlong tilt in the foreign exchanges has now stabilised there was still plenty of currency impetus washing over in the early months of 1981.

From now on currency gains —if any—will be less obvious. At the same time, investment income will slow as the returns available from current high interest rates start to compare with the similar inflows of the latter stages of 1980.

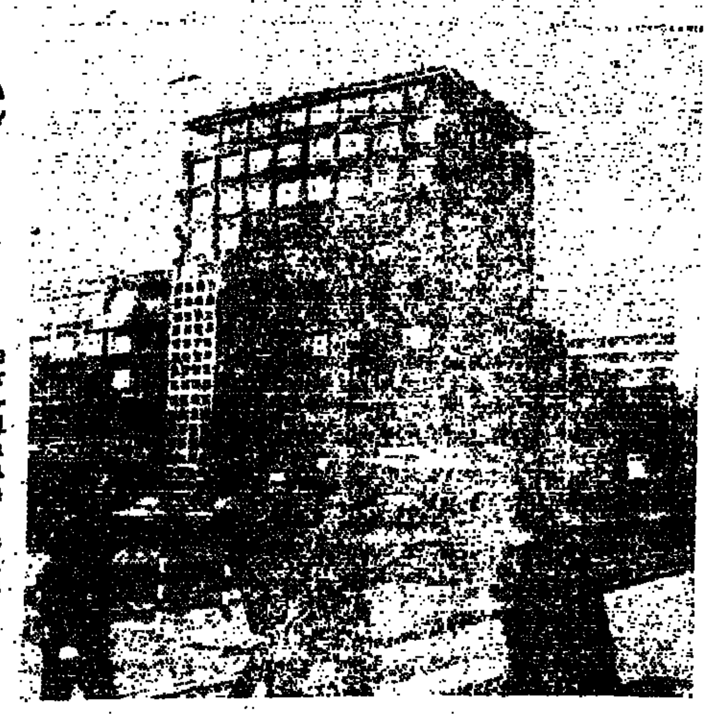
The two largest insurance groups, NatNed and Amev, dominate the Dutch market, accounting between them for about threequarters of the industry's life premiums and for more than two-thirds of non-life premium income. NatNed has close to half the local market in both classes of insurance.

NatNed's life operating profits rose by just under a fifth in 1980 as higher volumes worked through on maintained margins. In non-life business, operating profits jumped by more than a third. North American motor experience was poor, but the overall group claims ratio eased a couple of points, and there was a big recovery at home, helped by some loss elimination.

This year non-life earnings have gone into reverse with bad returns in some major foreign markets leading the way down. In contrast, NatNed's life profits for the first half of 1981 were sharply up, both at home and abroad, helped by inflated investment income.

The industry has expanded rapidly outside Holland in recent years, notably in the U.S. NatNed's purchase of Life Insurance of Georgia for $330m proved a high water mark in this respect. The company now receives about 45 per cent of premiums from its foreign operations, with Amev not far behind with a non-Dutch premium ratio of about 40 per cent. In 1976, Amev relied on Holland for 85 per cent of total premiums.

Jeffrey Brown



Slavenburgs Bank in Coolsingel, Rotterdam. Netherlands banking margins have come under severe pressure this year

THE MAJOR INSURANCE GROUPS

	Turnover for 1980†	Net profits for 1980
NatNed	Fl 8.0bn	Fl 356m
Amev	Fl 3.3bn	Fl 138m
Ennia	Fl 2.5bn	Fl 88.4m
Amfas	Fl 1.6bn	Fl 42.2m
Stad Rotterdam	Fl 0.9bn	Fl 44.3m
Delta Lloyd	Fl 1.5bn	Fl 104.3m

† Premiums plus investment income.

THE BIG FOUR BANKS

	Balance sheet total end-1980	Net profit for 1980
ABN	Fl 108.7bn	Fl 307.7m
Amro	Fl 94.3bn	Fl 275.8m
NMB	Fl 47.9bn	Fl 182.6m
Rabobank	Fl 97.5bn	Fl 373m

Bio-chemicals in forefront

STRONG ON traditional, fermentation-linked forms of bio-chemistry, the Dutch are determined to stay in the forefront of more modern developments. Dutch technicians face a number of obstacles, not least opposition from a strong environmentalist lobby. But they continue to respond to the demands for greater national effort in co-ordinating and harnessing bio-chemical research.

The dairy, brewing, chemical and agricultural industries that make up a large part of the Dutch economy are being prodded into action on two fronts. Simple, old-fashioned economics are the major catalyst to development spending by companies. As a major EEC trading nation, the Netherlands has no option but to stay firmly in the race for improved methods of production.

But the politicians are also playing their part. The Government recently published a major study of the Dutch bio-chemistry industry —the first of its kind within the EEC—which was at some pains to map-out a national strategy for future development in this field.

Careful

After some 18-months of careful and meticulous probing, the Government published its findings in May of this year. The wording of the report was not too blurred by political niceties. It concluded, bluntly, that the Netherlands was strong on broad research but weak on application. In short, bio-chemistry in Holland lacked industrial focus.

To help remedy this situation, bio-chemical development is being taken under the umbrella of the TNO, the Dutch central organisation for applied scientific research. The plan is to implement greater co-ordination, and to adapt where possible research towards more useful industrial applications.

With extra state funds under its belt, the TNO will help harness the work of the two main bio-chemical-based universities, at Delft and at Wageningen. It has isolated six main areas of research for industrial concentration.

These range from some of the more obvious agricultural fields like plant and cell tissue culture, dairy chemistry and carbohydrate technology to aid Holland's large sugar beet industry. Other areas include energy-related research—again there are obvious commercial links here given the country's lack of indigenous oil supplies—bio-insecticides and work on animal cells.

The Dutch approach to bio-chemical management is not without its critics. Some of Holland's EEC partners hold a number of reservations. According to Mr Derek Layton, technical director of the Cambridge-based bio-chemical unit of UK management consultants, PA International, the French in particular have been less than ready with praise.

Mr Layton says it is possible to argue that the Dutch Government is being too protective and defensive in its bio-chemical strategy. Some French officials have been openly critical of the Dutch plans, saying that what is needed is more innovation and more industrial experiment.

However, it has to be remembered that Dutch industry has to square itself with a strong environmentalist lobby. Regulations on the disposal of effluent, for example, are very tough in Holland. A number of companies, notably Akzo and Gist-Brocades undertake much of their bio-chemical research through foreign-based subsidiaries.

Gist-Brocades, whose turnover in 1980 topped Fls 640m, runs a very active research organisation. In recent years it has been switching facilities away from its traditional pharmaceuticals business, and as a result has built up a team of some 300 bio-chemical specialists. This is a sizeable operation by any standard and it puts Gist-Brocades on a par with a number of major U.S. bio-chemical companies.

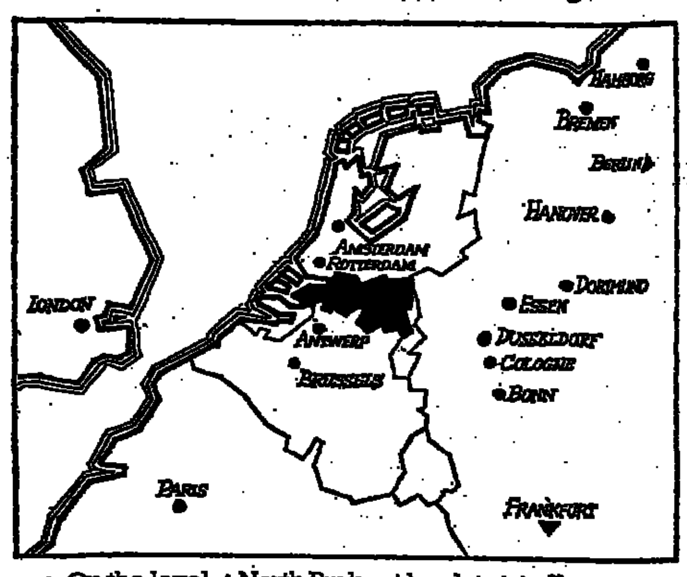
As a result of regulatory pressures, Gist-Brocades pushes much of its development work through its French subsidiary, Rapidase. Likewise, the Akzo group leaves a lot of development to its West German operations which centre on its Thiemann subsidiary.

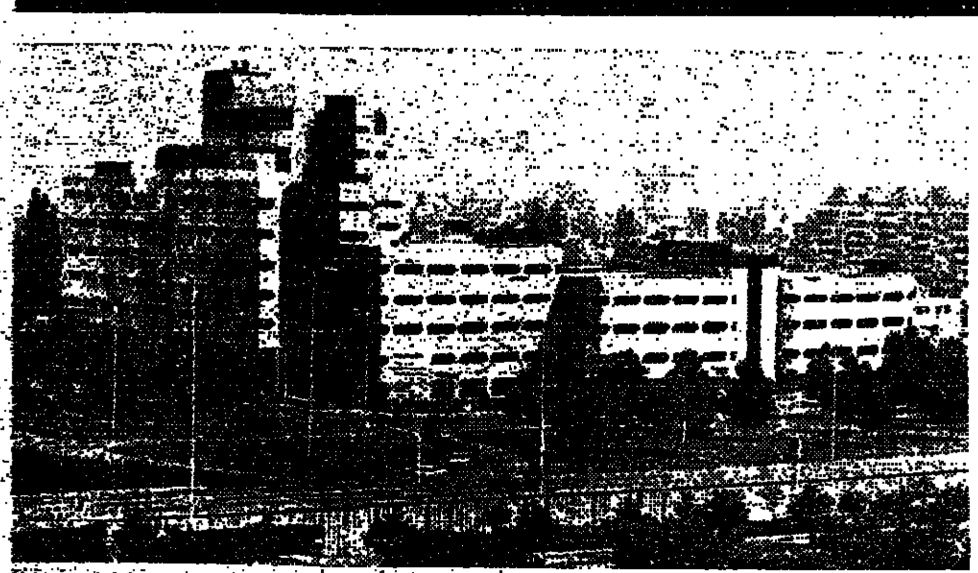
For its part, Unilever, the Anglo-Dutch foods and detergents group, is involved in a number of fascinating projects. As a major producer of margarine, Unilever is heavily committed to the edible oils market where palm oil predominates. In recent years, the company's scientists have taken major steps towards improving palm output and qualities.

Unilever has discovered how to clone palms through tissue culture. It has been growing palm clones for some time at a plantation in Jahore, and has a development laboratory in Malaysia isolating new clones from the best-yielding plants. Experiments have pushed up oil yields by as much as 30 per cent.

In the Netherlands, the company's research is based at a major laboratory in Vlaardingen which houses a strong team of molecular biologists. This team is trying to isolate and exchange precisely the elements which regulate the quality of palm oil.

Jeffrey Brown





New office building in the centre of Eindhoven to which is to be added a tower to house the city's world electronics centre

Eindhoven looking for industry

E late 1970s Eindhoven ıp to the fact that the ational on its doorstep. Lamps, was feeling the like everyone else. Since the number of Philips ees has dropped by about r cent from 45,000 to 30.000. So the prosperous f Eindhoven now finds in the novel position of to attract industry instead ng to fend off companies might have poached s' specialist staff.

lhoven town council and eater Eindhoven council tly are putting great into attracting new indus- the area. Eindhoven is lly situated for the great ıtion centres of northern e and has excellent road r connections. Plus there ıncentration of electronics how that is hard to rival rope.

ıy of the people with that how could be looking for shortly. So Eindhoven its sights firmly set on ıing the microelectronics e of Europe.

ere are some encouraging Philips and Eindhoven a concerted effort to get of the Dutch microelec- s centres here. The Eind- technical university has a ood working relationship ıdustry. The presence of hilips research labora- with its 2,000 researchers the technical university e versa.

hoven has succeeded in itself nominated World Centre Electronics. When ted the WTCE building ave 40,000 sq metres of pace for permanent and rary displays, and con- e rooms plus access to anks which will provide ate business information aspects of electronics.

her very important de- ıent is that Philips these as a positive attitude to nics companies that set its home area.

G. H. Meulensteen of s Electronics in Nuenen, r Eindhoven, left Philips 9 convinced that the one- umerical control applica- ork he had been doing be handled much more ıtly in a small company. "I'm sure Philips weren't very pleased. But they had an insufficient capacity then, so they subcontracted to me and I could hire staff."

"However, by 1975 Philips needed that work themselves, so we moved on to making our own printed circuit boards, adding value all the time until in 1980 we started our own product development and started with computer-aided design. So we could offer production and design, use it to fill our circuit board factory and from that finance our electronics activities. We now employ 75 people here."

Mr Meulensteen is disappointed that times are difficult at Philips. "If things are bad at Philips, new companies will have a mortality rate of 75-80 per cent. If they are good the failure rate might be just 20-30 per cent. We have passed the stage of centralisation, but that doesn't mean we should stampede to the other extreme. We have to find an equilibrium within which big and small companies can survive."

Co-operating

Another electronics company that has been attracted to Eindhoven is Holecsol Systems, the solar and wind energy sector of the Dutch electrical engineering company Holec, headed by Mr B. Schellekens. The company has been co-operating closely with the technical university on the development of new solar cells.

Holecsol is building a factory for production of solar cells and panels in Helmond, about eight miles from Eindhoven. Initially it will employ 100, but there are plans to increase the numbers to 200 by 1983. Holecsol is also concerned with the development of complete systems, such as the solar pump. "Our aim is to deliver solutions not components. But we do want to know all about the components, so we are going to start our own cell production. Only 1 megawatt, but it's a start.

"The technical university was developing its own cell and wafer. Now they are getting some good results. It's expensive but now we are participating in the costs. And while they are doing it, they are training the people who will come and work with us."

One U.S. company which plumped for Eindhoven was Spectra Physics, which makes lasers for industrial and scientific applications as well as laser components. Eindhoven is the Benelux sales and service department. "In Eindhoven we are within an 80-mile radius of the majority of customers in universities and companies. Plus Eindhoven has the kind of manpower we need. Our salesmen - take the scientific approach, and the university is good for helping get an angle on application problems," says a director, Mr L. J. Bource.

Another small company in the area is B&B Electronics which makes electronic scoreboards. The more sophisticated the board, the greater its electronic content. The top-class boards can display 32 light levels enabling television images to be displayed. The company, started by ex-Philips employees J. Beekman and M. Brouwers employs 14 people. They are currently working on a massive scoreboard 25 metres long and 8 metres high for a Latin American country.

However, it is the transfer bureau of the technical university in Eindhoven that has done some of the most interesting work in the region. Although it was started in 1976, it really got into its stride after an intensive information campaign. "We contacted hundreds of people and asked them in an informal way to ring the the university if they had any problems. In 1979 we had 200 customers, 400 in 1980 and 600 in 1981," says Mr B. Groeneveld, one of the bureau's founders.

"In a way the bad situation in 1978 brought industry and university together. For a change we needed each other."

The transfer bureau propagates the "science marketing" concept. A good example was a call they received from a bell maker who said his family had been using the same method to make bells for the last 500 years. But he had read so much about micro-electronics he phoned the transfer bureau to see if it could help him.

"We could not improve the method that the firm, Petit and Fritsen had been using. But the team saw a market for a carillon using micro-electronic chiming devices. We made a proposal, the firm had no funds to spare, so we contacted the Ministry of Economic Affairs which arranged a loan under the terms of the Innovation Bill.

"The system, which is now being patented, attracted a lot of attention and the engineer who used it for his thesis is now working at the factory."

Another new industry in the Eindhoven region that came to the transfer bureau was Vialle which makes liquid petroleum gas installations for cars. The Netherlands has a big lead in this because of the oil refineries at Europoort. The company started in 1979 with one, man, now there are 300 employees. The technical university helped Vialle develop its own system.

LPG is now becoming very popular in German and France, but since it is a mixture of butane and propane, the composition can vary from country to country and can cause problems in the engine. The transfer bureau helped Vialle design new equipment which eliminated this problem.

Currently, the transfer bureau and Vialle are developing an electronic system which will always deliver the right mixture and help keep consumption low. The bureau intends setting up a joint venture with Vialle to market this system with some venture capital from the Ministry of Economic Affairs.

The transfer bureau also helped DAF trucks develop their VISAR system which indicates to drivers the best time to change gear and helps them drive economically. Daf spends considerably on research and development and sees this as one of the reasons for its success. The company was also the first to introduce a turbocharged engine in a truck.

The company, which produced 15,000 trucks in 1980 has 6,000 employees at its Eindhoven factory, several hundred of them in R and D.

William Third

Small electronics companies needed

THE APPLICATION of micro-electronics in practically every product and service, and in the process that brings them into being, is increasingly a significant factor in a venture's commercial success or failure. But just as electronics is gaining enormously in importance, the outlook for the Dutch electronics industry is less favourable than it has been for many years.

Philips, the company that gave Dutch electronics a leading world position, is significantly reorganising its activities in the Netherlands. The reorganisation is aimed at the continued world-wide health of Philips rather than maintaining Philips role as the country's largest private employer.

Philips worldwide sales in 1980 totalled Fl 36.5bn ($15bn). It is one of only two non-Japanese or U.S. silicon chip producers in the major league. In the field of consumer audio and video it is the single biggest competitor to Japanese companies—right across the product range. It employs about 376,000 people worldwide, and about 75,000 in the Netherlands. Six years ago its Dutch workforce was about 95,000. The loss of a further 10,000 jobs in the next four to five years seems likely.

Philips has set aside Fl 1bn ($410m) to fund the reorganisation which has become necessary in its European consumer products organisation, Mr Bob Spinosa Cattela, a member of the company's managing board said recently.

"We are not only speeding up the implementation of this plan, we are considering extending it to include our data and medical systems operations."

Philips will probably continue to provide high grade work in research, development and management functions in the Netherlands. And it will certainly remain the single greatest asset of the national industry for a long time to come. But it is clear that for real growth in the future, the Netherlands must look elsewhere.

This entails creating a climate in which new and small electronics companies can prosper, and helping the average small to medium-sized manufacturer to get a microprocessor in his product and microprocessor control in his production process.

However, the Dutch government has been rather slow to help small electronics companies, and to initiate the process of education, support and transfer of know-how which most West European countries have deemed necessary to derive national benefit from micro-electronics.

The study group under Prof Rathenau which looked at micro-electronics in its totality, recommended setting up a centre for micro-electronics. But that was back in 1979. Since then little has actually been done except to argue about where the centre should be.

In its wisdom, the Government decided on three centres, to be operational next year. These will be grouped around, but separate from, the technical universities of Enschede, Delft and Eindhoven. Each will concentrate on different aspects and areas.

Financing

The budget is "at least" Fl 10m, hardly a fortune split three ways — and the very reason why the Rathenau Commission recommended just one centre.

However, some form of financing, direct or indirect, will come from the universities and industry. And the centres will earn money by selling their services.

In addition, there are nine transfer-centres for helping industry with micro-electronics. The transfer-centres began in 1976 as an initiative of the technical university of Eindhoven. It has received official government support since 1980.

Prof A. Heetman of the technical university of Eindhoven, member of the commission responsible for implementing the Rathenau report, is far from gloomy about the prospects for either the micro-electronic centres or the industry in the Netherlands as a whole.

"The government could have provided more money. But you can have too much finance. There will be more money once the centres start operating above expectation."

"Small- to medium-sized companies which could benefit from micro-electronics are not usually in a position to handle it themselves. They need strong support. By putting the equipment and know-how in these micro-electronics centres, we can give them that support," Prof. Heetman says.

He is convinced that the future for the Dutch industry lies in providing high-value work for its highly-educated workforce. Unskilled workers will form under 20 per cent of the total Dutch labour force by 1990, a projected shortage of 6 per cent according to the Rathenau commission.

Prof. Heetman also sees the micro-electronics centres providing a good buffer between small electronics companies and larger ones. Small companies will now more readily approach large companies because they have a safeguard. This could help lead to greater, mutually-beneficial co-operation between, say, Philips and smaller companies in the classic Californian formula.

Not that Philips is the only company that contributes. There is an important group of subsidiaries of larger U.S. and European companies, which provide some 13,000 jobs. These firms include Fluke, Tektronix, Siemens, IBM, ITT, TI and AEG-Telefunken. Production is often for the Dutch market but many of these companies export from the Netherlands.

Smaller Dutch companies account for another 11,000 employees in identifiable product categories such as telecommunication, instrument makers for industry, science and medicine, household equipment, computers, traffic control, office equipment, avionics Fokker and the electro-electrical industry associated with marine and heavy engineering.

In this last category there are several companies with about 2,000 employees, plus Holec with some 6,000 employees. These firms are more electrical than electronic, but this will probably change somewhat. Despite this diversity Philips still accounts for 75 per cent of total turnover and its re-organisation plans have a significance beyond the interests of those who stand to lose their jobs.

Arguments

The arguments that Philips uses to prove the need for these staff-cutting measures are also important. After all, if Philips cannot make a success in the Netherlands, who can? Some of these arguments are irrefutable; the need to concentrate production, over-capacity caused by automation and higher wage-costs than competitors. But there is a general feeling that the shortcomings in the entrepreneurial climate are used to excuse and cover-up commercial blunders.

It is also apparent that Philips' marketing policy is certainly not of the same order of brilliance as its technology. Witness the demise of Data Systems and Medical Systems, the lead in the so vital video recorder market which was completely wasted, or the amazing VLP/Laservision system which has been scheduled for European launch "next year" for about the past seven years.

As far as the other companies go, there are some tales of woe and some success stories. For example, the U.S. company MAI Inc., which came to Enschede three years ago, now employs 1,000 people. It claims second place to IBM in the Benelux market for small computers. Mr A. E. Smellink—emphasises the positive factors which brought the company here. "Central position, good international airport with good cargo-handling facilities, the high productivity and international-mindedness of the Dutch worker. Plus the help offered readily by the Government."

Siemens has just built a new factory in Woerden for micro-electronic products and systems and has increased employment slightly. Daisy Systems of Wychen has also done well since it was set up with government help in 1976 to provide work at a factory which had gone bankrupt. The daisy-wheel printer used in computers and word processors is made here.

Ironically, a printer was one of the products made at Philips Data Systems factory in The Hague, now to be closed. Direct comparison would be ridiculous, but it does show that it is often easier for small dedicated companies to succeed in a specialised market sector. Simply because the small company is more flexible, less bureaucratic and does not have an industrial inheritance to off-load before it makes a profit.

However, it would be folly to pretend that small companies—with all the government support imaginable—can take the place of Philips. For a healthy electronics future, the Netherlands needs a healthy Philips and the stimulation it can provide for small and medium-sized companies.

William Third

Walter Ellis looks at the changed attitudes which have put the sector on a new footing

Motor industry cheery after the setbacks

THIS MONTH, the Ford Motor Company will shut down its truck assembly plant in Amsterdam, with the loss of 1,200 jobs. The closure has been bitterly contested by the unions, but Ford said that it simply could not accept losses which in the past few months of the plant's life had reached Fl 2m a week.

Not long before, Volvo Car, an amalgam of part of the famous Swedish company and the former Daf carmaker, completed a slim-down of its workforce from 6,400 to 5,500 and accepted a massive injection of government aid as part of a rescue plan.

Close by, Daf Trucks, an independent company, had recorded a loss for the first six months of this year and was becoming embroiled in a dispute—still simmering—between its two major shareholders, the Van Doorne family and International Harvester of the U.S.

To compound this tale of woe, throughout 1980 and the first six months of the present year, Japanese companies were making serious inroads into the Dutch market for cars.

Well, that about wraps it up, you might think. But you would be wrong. The Ford closure is indeed a heavy blow—although it had been in prospect for many months—but in every other respect the Dutch motor industry has since rallied to a remarkable degree and now seems set not only to survive but to prosper.

How could this turnround have taken place? The answer seems to have been a change of attitude both by the companies concerned and by the Dutch buying public. Volvo Car and Daf Trucks have simply buckled down and updated their techniques while improving their financing and strengthening management.

At the same time, the Dutch generally have embarked on a low-key, officially unrequested "Buy Dutch" campaign, thus cutting into the Japanese market share and forcing the newcomers back on to the defensive. Volvo and Daf have looked to the future and fought hard at home and abroad, and seem set to reap dividends.

Vulnerable

The Ford closure has been a thoroughly miserable affair, illustrating perhaps the vulnerability of a small subsidiary of a giant company going through hard times. Ford Nederland opened as long ago as 1924, and was thus an established part of Amsterdam's industrial life when it first hit serious trouble in the late 1960s.

A small concern, Ford Nederland was never really equipped to face the production revolution of the 1970s or the rise of international competition. In Detroit, the company did not figure in Ford's world plan and was unable to do very much to protect itself against the onrush of the inevitable. As early as 1968 it was losing money on production, even if other divisions remained profitable, and by the first half of this year the loss in all departments had reached Fl 50.7m.

Union sit-ins and court protests followed Ford's decision to call it a day, but Detroit was determined, and the last shift will clock out tomorrow after 57 years of production. Only sales and servicing will remain, employing a mere 300 workers.

For a time late last year, there were those who thought that Volvo Car might go the same way as Ford. Losses were mounting, competition was growing and Volvo Corporation of Sweden was too entangled with its own future to be able to bail out its Dutch partner.

Funds

The company's particular problem was finding the money for research and development on its proposed new model, code-named the G1, and intended to replace the 340 series by the mid-1980s. Volvo Corporation agreed to come up with some funds, but it was only when the Government stepped in with a further Fl 250m of state aid that the corner was turned.

The Government now owns 70 per cent of the Dutch company, against 45 per cent before, and has undertaken to guarantee production until 1986, with a review of the position in 1983.

Mr Dolf Van der Kaden, a spokesman for Volvo Car, feels that the new set-up at the company, coupled with the reduction of the workforce to 5,500, augurs well for the future. "We have a reconstituted board of directors here which is determined that Volvo will survive the difficult situation in which the car industry finds itself at the moment. The future now looks very positive and a closure in 1983 or 1986 would be most unexpected."

Working still with Volvo of Sweden (which continues to provide funds) but carrying on its own programme of research on the G1, Volvo Car is confident that it will repay the Dutch Government's faith in it. Sales are on target so far this year, and the company considers that the newly revamped 340 range, combining quality with a more competitive price, will keep the company in business. It expects to sell some 90,000 cars this year, 70,000 of them abroad, and Mr Van der Kaden notes that the company's market share in Europe is holding, and even edging ahead slightly, despite the continuing recession.

During the first nine months of this year, total unit sales, at 60,399, were 10.1 per cent up on the same period of 1980, and the trend was towards higher growth. At the same time, the total European market has been in decline, with 6 per cent fewer sales from January to September this year.

This remarkable performance is the more so for having been achieved in the face of intense competition from Japan. The Netherlands in general, though, has been standing up to the Japanese this year. In the first half of the year, the picture was different, with Honda and Toyota in particular scoring big gains in the Dutch market. Sales by the seven Japanese carmakers accounted for 21 per cent of the Dutch market from January to June, against 19 per cent in the same period of 1980.

Then something happened. Japanese cars became more expensive in Holland and the more advanced technology of the Dutch alterantive became affordable. In addition, newspaper articles began warning of the need to help native industry, and people responded by stretching themselves slightly and going for a Volvo. By the third quarter of the year, Honda sales were down 50 per cent and Toyota saw its sales drop 33 per cent over the first nine months entirely on the basis of third quarter performance.

Determined

With its main production in Born, Limbourg, headquarters in Helmond and other plants in Oss and St Truiden (over the border in Belgium), Volvo Car is apparently over the hump of its troubles.

A few miles away from Volvo HQ, the management of Daf Trucks of Eindhoven is equally determined to triumph over adversity.

Daf's recent media appearances have mostly concerned a rather unsavoury row between the founding Van Doorne family and their fellow equity holders from International Harvester. The dispute centres on the fact that IH recently bought 35 per cent of the shares of Enasa, the state-controlled Spanish truck makers.

The Van Doorne family contends that this puts IH in the unusual position of being a competitor with itself in the European market and therefore unfit to hold the two seats on Daf's supervisory board which had been assigned it in the 1972 articles of association between Daf and IH.

IH has contested the Daf standpoint in the courts, but if a judgment in Amsterdam court last month is upheld, the Van Doorne faction and the Dutch State (a 25 per cent shareholder) could severely limit IH's say in the affairs of Daf Trucks.

Doctrine

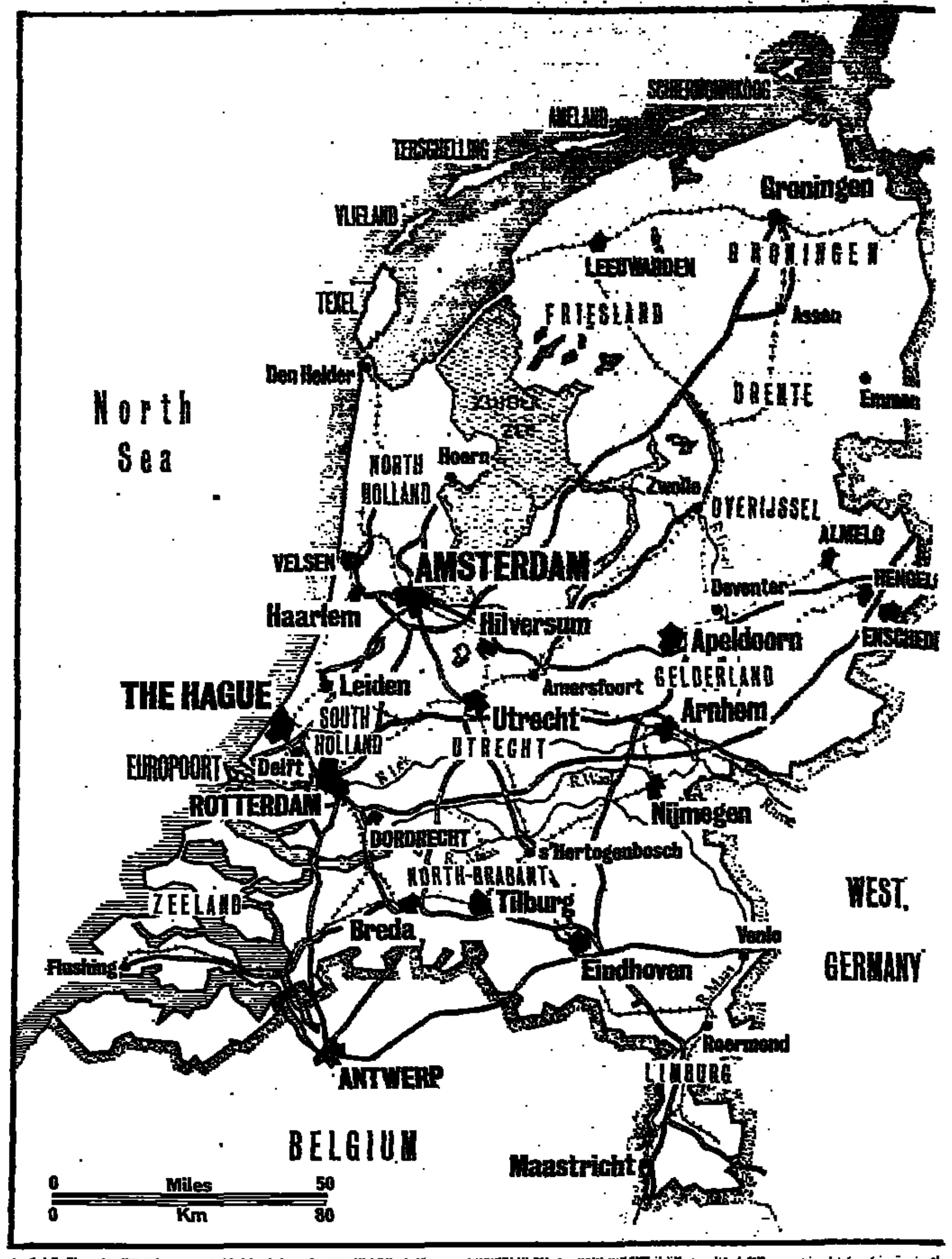
Daf, with tacit Government support, argues that, in any case, IH has been less than a dynamic influence on the business and seems determined that the Van Doorne doctrine should remain paramount in the company's dealings.

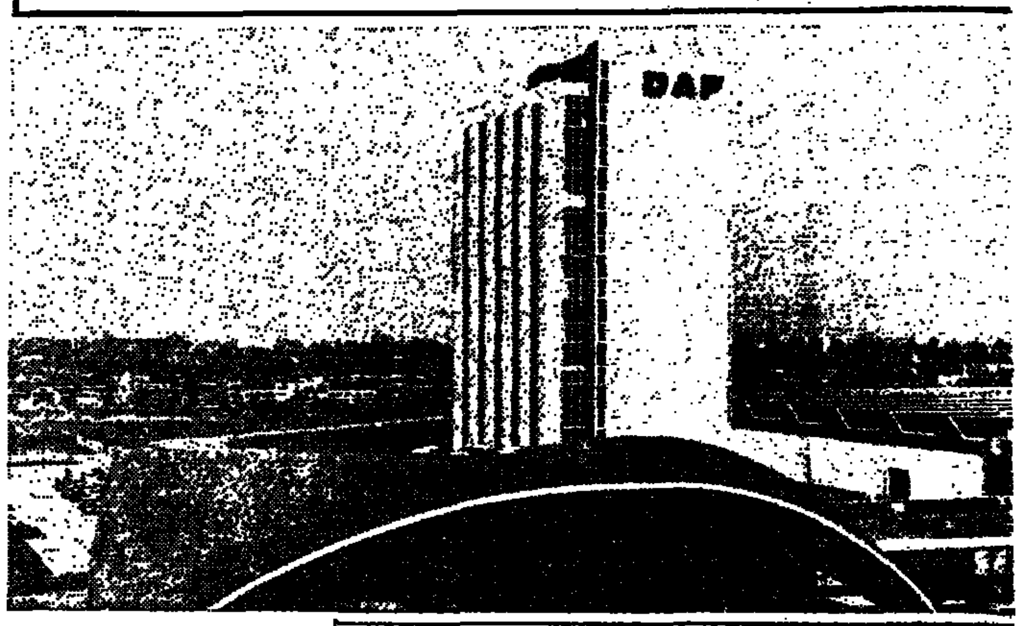
This somewhat arcane matter aside, Daf is continuing to hold its place in the diminishing world market for trucks. The volume of vehicles sold has fallen somewhat, but Daf's market share has edged ahead, and there are clear signs of a growth in business overseas, in Africa and the Middle East.

In 1979, Daf opened its Sata sales and marketing operation in Saudi Arabia to promote its range of hot-weather, heavy-duty trucks. The venture has been a significant success and there are now plans for an African assembly plant in the Ivory Coast in which Daf will hold 60 per cent of the shares. Daf is also to spend BFr 4.4bn over the next five years in improving facilities at its cabin and axle plant at Oevel-Westerlo in Belgium—a sure sign that expectations are high for the years ahead.

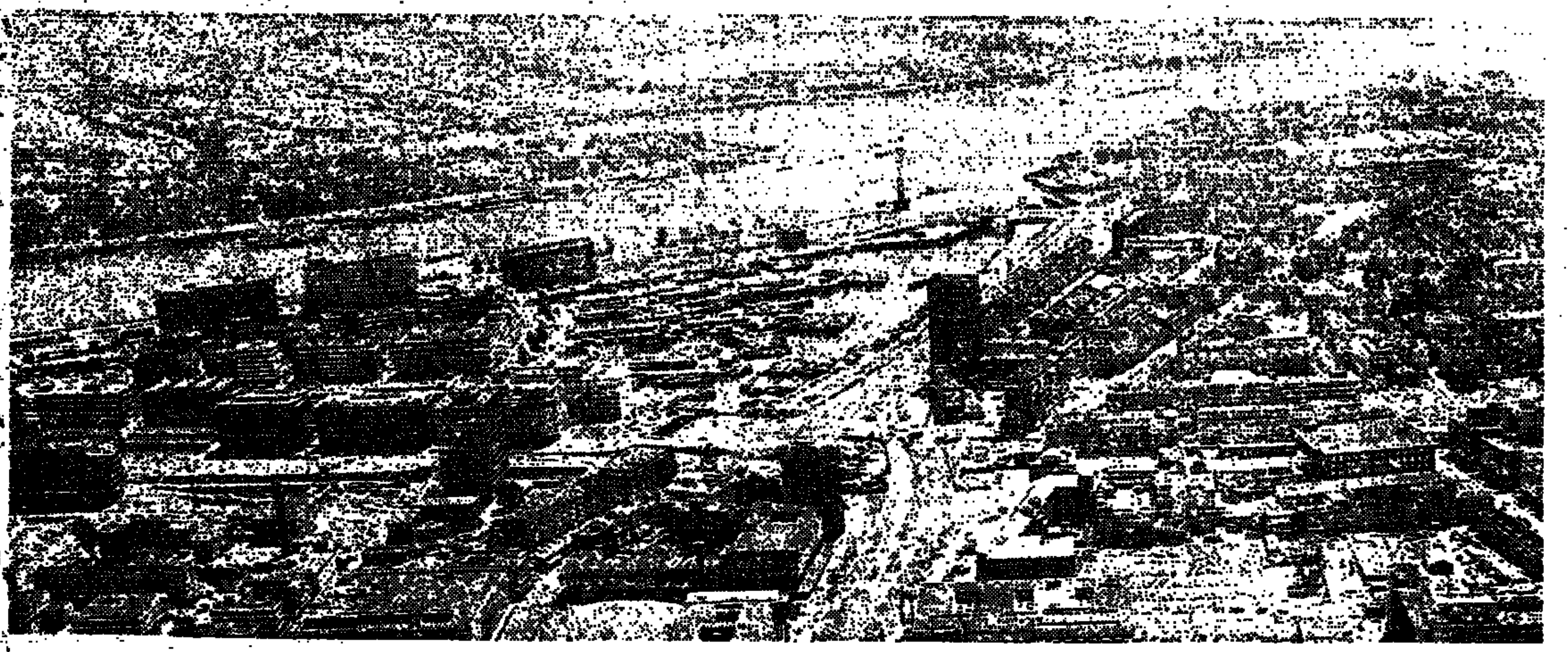
Daf is in the middle of a five-year development programme and hopes by its end to have expanded its European market outside the three Benelux countries while greatly boosting sales overseas.

The Dutch vehicle industry has benefited from succeeding governments' determination to provide state aid where there is a real chance of a return on investment. Governments have proved themselves firmly opposed to a lame-ducks policy; at the same time they have demonstrated a willingness to help out when management and unions have shown a like mind. The strategy looks like paying off.





From its base in Eindhoven (above) Daf Trucks is increasing its foreign sales effort, notably in the Middle East and Africa. Though smallest of the European truck makers, Daf nevertheless has a strong position in the British and other markets



Two faces of the Netherlands. The canals of Amsterdam (right) give the city its charm but have led to many companies moving out for space and better access. Rotterdam (above) was rebuilt after the war on the spacious American city model

Education: the arguments continue to rage

UTSIDER could easily ven for assuming that therlands, one of the most advanced welfare would have sorted out ational system long ago. act, it hasn't—even it is now the biggest the Dutch budget—and he same arguments— ersus private, religious ecular, streamed versus ed, comprehensive ver- oral—which ignite fury r countries, including continue to cause for the Dutch.

result of decades of on, experiment and , the system that exists s almost bewildering in iety, and although the ducation Minister, Mr 'an Kemenade, fully pushing through a of left-radical reforms, s no guarantee that he ieve more than a piece- lvance.

an Kemenade is a lead- ember of the Dutch Party. He was Educa- inister in a previous tration in the early nd at that time drew up "Contours of a Future onal System in the nds," on which he is ... He ... comprehensive ... secondary schooling pes to increase the of cash available from et.

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st him is ranged, in ng intensity of y. the Right-wing Opposition, the Catholic conservative teachers ents and many of his istian Democratic part- Government.

other main problems Van Kemenade—apart, e, from money. They ng with the decline in ol population and deal- the increasing propor- pupils from immigrant

the case almost every- Europe, the baby boom of the 1950s and 1960s has given way to a population implosion in the subsequent years. Today, there are almost too many schools and too many classrooms. Most importantly, there are too many teachers, and what to do with the growing excess of pedagogues has been causing headaches in the Ministry for much of the last 10 years.

There are now more than 20,000 unemployed teachers, out of a total union membership of some 200,000, and the forecast—on which Ministry and unions agree—is of a further *30,000 jobless by 1990.*

Immigrants in the Netherlands today are not only Surinamese, Indonesian and Moluccan; they are also first and second generation Spaniards, Turks and Portuguese—the products of the 1960s' insatiable appetite for labour. Many of these people remain poor and rejected. They have to be helped up the social ladder, and the cost is high.

As things stand, most Dutch children start school at the age of four in their local kindergarten, although there is no legal requirement to attend until a child is six. Some attend nursery schools from as early as two. Kindergarten is followed by six years at primary school—a period which ends in a welter of tests, assessments and parental intervention and, finally, in entry into secondary education.

This is where the trouble arises, for not only is there a fairly abrupt, if caring, "sheep from goats" separation, but the two species are then each subdivided—the first into four groups, the second into six.

Those who are deemed academically top-notch among the "secondary school" batch attend the elite gymnasiums after one year with the others in a bridging class which is supposed to provide a final sifting process. Some others are sent to "Atheneum" schools, where, after six years of learning, they compete with gymnasium pupils for places at Holland's five universities and institutes of higher education and polytechnics.

The remainder of the "secondary school" entry are provided either with five years of "higher secondary education" or four years of "intermediate general" schooling.

Across the road, as it were, group two is divided into its six component parts and sent off to vocational schools to learn useful skills. General education is continued plus training in industry, engineering, domestic science, commerce, trade, agriculture and horticulture and nautical science. The best here can also hope to enter higher education—usually the polytechnics.

Language

Pupils in Holland are required to receive at least 10 years of full-time education, but anyone leaving school with only the minimum obligation fulfilled must attend part-time classes for a further year.

All children are taught foreign languages extensively, the most popular being English, followed by German and French. This is felt to be essential, and the result over more than 30 years has been to make the Dutch among the most polyglot people on earth.

The Dutch system, then, is complicated. But it is made more complicated still by the fact that some schools are run by the state, some by the Catholic Church, others by the Protestant churches and the remainder by determinedly secular or experimental groups. A number of schools follow the Montessori philosophy, others the Dalton method. Vested interests abound.

It is this extraordinarily complex network to which Mr Van Kemenade is hoping to bring a semblance of centralised control and, as he sees it, a greater measure of social justice. In its favour, the present system has undoubtedly produced generation after generation of academics, professional people, businessmen, bureaucrats and skilled workers. It has been goodhearted and, at several levels, enlightened.

Critics, though, complain of rigidity and say that young people are too often put on tramlines leading to unwelcome destinations. Many wish to see comprehensive education become the norm and full use made of the accidental bonus of a teachers' surplus.

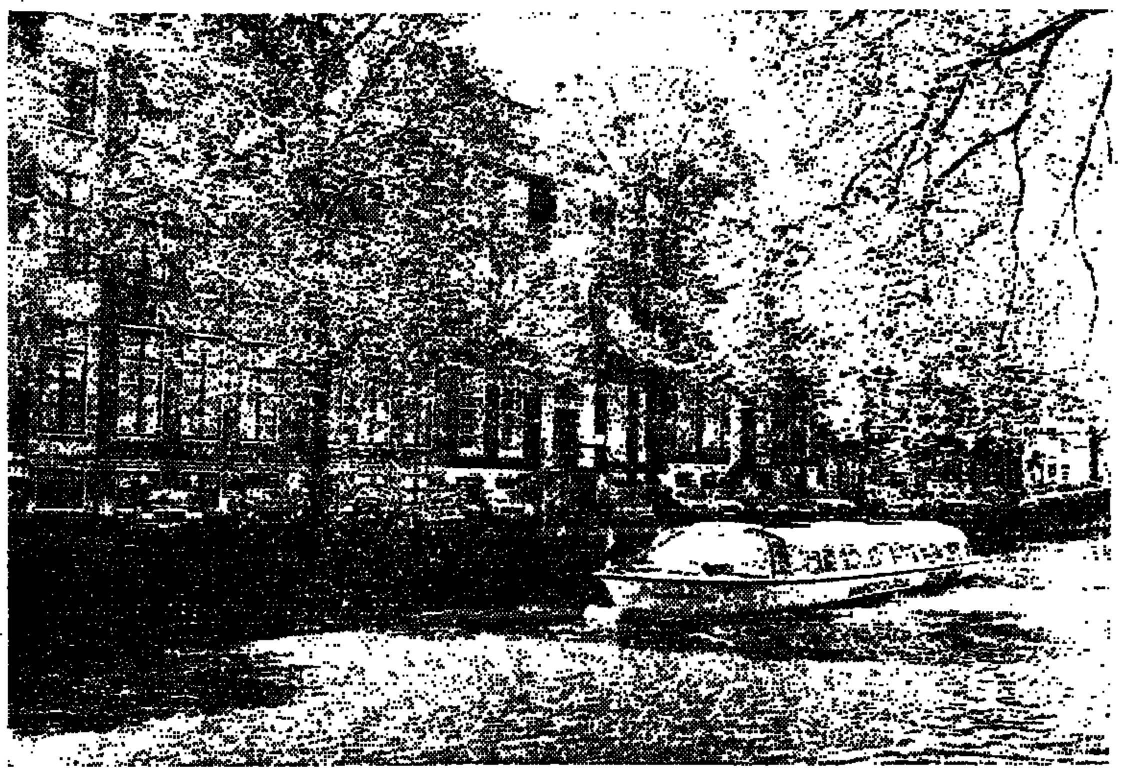
Last month, the Federation of Dutch Teachers' Unions, representing more than 100,000 teachers, called on the Government to halt further job losses among their members. They also urged special help for immi*grant children—a point already* taken up by the previous (Liberal) Minister, Mr Aaron Pais—and sought early moves towards the spread of the comprehensive system.

Mr Van Kemenade, budget permitting, is certain to look favourably upon the teachers' proposals but is likely to find his desired revolution impossible to sustain. Present experiments in comprehensive schooling are based on the Swedish model, with children remaining together until the age of 16, but any generalised operation of the scheme would bring objections not only from the expected sources but from elements within the higher education sector as well, which is used to a set series of curricula leading to its own examinations.

Liberal parents have formed their own lobby group, the Middenschool Vereniging, to press for comprehensives. They are aided by the Labour Party, the teachers federation and groups within the Christian Democratic and Democrats '66 parties. Even if everyone was agreed on the need for change, however, *it would still be a slow process,* requiring much of the time and money which are now being devoted to keeping the existing system afloat during a recession.

Educationally, the Netherlands for the moment is simply muddling through. Even so, and despite the apparent chaos, other countries might wish they could suffer from the same malaise.

Walter Ellis



Walter Ellis looks at the special status of the Dutch Royal Family

Royals with an ordinary touch

Queen Beatrix and Prince Klaus: Beatrix aims to exemplify modern Dutch family life

IF BRITISH ROYALTY seems to be taking on an increasingly world role as Britain retreats into its island fastness, the Dutch Royal House has continued to measure its prestige by that of the Netherlands.

Queen Beatrix, now more than a year into her reign, may be related to each of the crowned heads of Europe, but she remains essentially a Dutch Queen, tied not only to her country's past but to its welfare state present.

She has her palaces and tiaras and is accorded — by most at any rate — a special status as a hereditary head of state. She is also expected, however, to live within the state's means and in keeping with its principles. Those members of her family who do not perform their "royal" duties are not paid; her children go to ordinary schools.

Beatrix has performed quite a trick, though. She has elevated the studied "ordinariness" of her life to the extent that it is looked up to as something special. Dutch people refer to her (strictly relative) austerity with pride. "Look," they seem to say, "she is our Queen, but she lives like one of us."

In fact, of course, the Queen of the Netherlands has certain advantages over her subjects. She has several palaces, family wealth to rival that of Queen Elizabeth, a royal yacht and a generous state income. She may work hard at understanding the problems of immigrants and the extent of the housing shortage in Amsterdam, but she does not share the true anguish caused by either.

The Royal House of Orange goes back a long way in Dutch history and has played its part in the story of Britain and Europe as well. Nevertheless, it was only in 1813 that the present dynasty assumed office, as it were, in the person of King William, formerly exiled by Napoleon.

Since then, despite wars and social upheaval of other kinds, the succession has been more or less trouble-free, although there has not actually been a king for nearly a century. Queen Wilhelmina presided for much of the early part of the present century, abdicating in her daughter, Juliana's favour in 1947. Last year, the much-loved Juliana herself gave way to her daughter, Beatrix (whose son, Willem Alexander, is that novelty, a male heir-apparent.

Determined

Whether or not Willem Alexander inherits his birthright depends very much, it would seem, on how his mother is judged during the next 20 years or so, and Beatrix appears determined that she, and so he, will succeed.

Even the Queen's own Press secretary — a stately courtier, who doubles as spokesman for the Prime Minister — concedes that Beatrix has to preserve her personal credit. "The people may accept her on Monday, but on Tuesday they will think again. She knows this."

Presently, she is doing just fine and her popularity is considerable — much more than would have ever been believed when, as a young princess, she entered into a controversial marriage with a German. Prince Claus, a former diplomat, is now popular himself, as it happens, and works hard as a senior adviser to the Government on overseas development aid.

Queen Beatrix has four main functions. She is head of state, with real constitutional powers; she represents Holland abroad during her many official visits; she represents the state to the people of the Netherlands through speeches, opening ceremonies and visits; and she tries to exemplify modern Dutch family life.

Of the four, it is the second, constitutional function which has been most prominently featured in recent days. Dutch government-formation has become a skill all too regularly employed in the last year, and it is the Queen's function to appoint specially empowered informateurs to bring the parties together and draft an agreement on coalition policy.

Beatrix has proven herself relentless at this task, even demanding on one occasion that the present Premier, Mr Dries van Agt, rise from his bed and get back round the table with her chosen party leaders. Such determination has both won the politicians' respect and turned them into courtiers.

On a day-to-day basis, Beatrix continues to keep up with political events in the Netherlands and elsewhere, and as time goes on she is bound to develop a depth of experience in some ways greater than that of the Ministers who serve her. She rises early, reads the newspapers, follows morning radio broadcasts, and discusses issues of the day with politicians of all persuasions, not just Ministers.

Queen Beatrix, then, takes her royal duties with great seriousness. Not all of her family have shown the same dedication. Her sister, Princess Christina, is a New York housewife, while Princess Irene, divorced wife of Prince Carlos Hugo of Spain, is a noted feminist and a student of sociology at a Dutch university. Each belongs to the Royal Family, but neither, pointedly is considered a member of the Royal Household, unlike the more sober Princess Margriet.

Prince Willem Alexander is now 14 and "in training" for his future role. If he does become king, it will further strengthen the feelings of the Dutch that its royalty is important. After all, there remains some logic in wanting a head of state who is "above politics.

NEDERLANDS DANS THEATER

Starting a contemporary tradition

Dancers perform Jiri Kylian's Nomaden, premiered in Scheveningen in October

THE NEDERLANDS Dans Theater has established a reputation over the past two decades as one of the world's most exciting and original dance companies. Paradoxically, in the view of its business director, Carel Birnie, the Dutch owe their leading position in the dance world to their lack of a tradition.

"Twenty-five years ago dancers like Rudi van Dantzif and Hans van Manen turned to choreography and gave the art an enormous boost. Then the Government came with financial help for the ballet companies. We have done so well because since we had no tradition, we were not tied down."

The Netherlands now has three leading companies — the National (formerly Netherlands) Ballet, the Scapino Ballet and the Nederlands Dans Theater. From its home in a converted nursery school in the run-down Schilderswijk quarter of The Hague the Dans Theater has toured the world. Enthusiastic notices from the leading ballet critics in the U.S. and Europe attest to its success.

It was in 1959 when Mr Birnie, then manager of the Netherlands Ballet, and artistic director for Benjamin Harkavy and 16 dancers broke away to set up a new group. "We wanted to develop contemporary ballet working with living choreographers. Our aim was to link the European classical tradition and the achievements of modern dance in America."

Subsidy

After two years going it alone the Dans Theater persuaded The Hague's city council, and later the Government, to help support its activities. Subsidy now accounts for about 75 per cent of the company's income. This support enabled the Dans Theater to expand its small team of dancers to 24 in the early 1960s. They now number 42—32 with the main company and another 10 "apprentices."

Carel Birnie, now 56, began his career in artistic management 30 years ago. After studying medicine for six years in Utrecht he broke away from a family tradition because he foresaw the decline of the role of the general practitioner. The family doctor who knew every detail of his patient's lives was being replaced by the specialist who dealt with only one specific problem.

A keen amateur chorister and musician in his student days, Mr Birnie developed a passion for opera when the search for a German choir to sing in a Bach festival took him to Cologne. Alone for a month in a strange city he went to the Opera House every evening.

In 1951 he set up his own private opera company, the Utrecht Opera. After moving on through a variety of theatre jobs he joined the Netherlands Ballet until the Dans Theater broke away in 1959.

The Dans Theater pursues its aim of innovation with a dedicated and exhausting thoroughness. Most of its ballets are created specially for the company—as many as 12 new ones a year.

"We are always on the move," says Mr Birnie. "We concentrate on the present and forget the past. We are always ready to produce new ballets while we drop our old successes from our programme. Many of our ballets are taken over by the National Ballet and other companies around the world. Meanwhile, we creep out of our discarded skin like a snake."

The aim of linking American and European styles has been somewhat diluted as the company seeks new inspiration. A team went to the Northern Territories in Australia in 1979 to research a new ballet to be presented shortly on the lives, mythology and dancing of the aborigines.

The arrival of the young Czech choreographer Jiri Kylian in 1978 to become artistic director has also shifted the emphasis to European styles. After training at the conservatory in Prague Kylian danced under John Cranko in Stuttgart, where he was seen by Mr Birnie "I asked him straight away to come and work with us."

Kylian gets much of his inspiration from folk music and folk dance like his fellow countrymen, the composers Janacek and Bartok. One of the earliest ballets with which he established his reputation was based on music by Bartok and he has since made three more ballets to the music of Janacek.

The Dans Theater commissions many of its ballets from choreographers it knows and trusts but it is not afraid to give newcomers, many of them its own dancers, a chance. "We don't commission masterpieces," says Mr Birnie. "We allow people to have their failures and we will still give them another chance.

"It is very difficult for a dancer to become a choreographer. A painter or musician can develop and practice on his own, but a choreographer must work with a group of dancers for six weeks or so to see if he can transfer his ideas onto bodies. We often accept immature or incomplete pieces and still give them a public showing.

"If it is not successful we will take it off but it has been only very rarely in the past 20 years that we have refused a ballet a public try-out."

Soloist

If modern dance suggests an absence of the classical disciplines, Mr Birnie soon dispels this misconception. The Dans Theatre does not have the corps de ballet hierarchy of a classical troupe. Each dancer is in fact a soloist. But while the company does not dance in the classical style, it demands that its members can master classical techniques."

Ironically, for a Dutch group the Dans Theatre has only a handful of Dutch dancers. "The problem is that the method of educating dancers in Holland has failed," Mr Birnie says. "All the professional ballet companies here have the same problem. We have been trying to solve it for the past 15 years without success."

The six official ballet schools are controlled by the Ministry of Education, the professional companies come under the Ministry of Culture and there is hardly any contact between the two.

"The schools do not train their pupils to a high enough standard. We have not one dancer from the schools in our present team and only one in our apprentice group. It is a terrible problem.

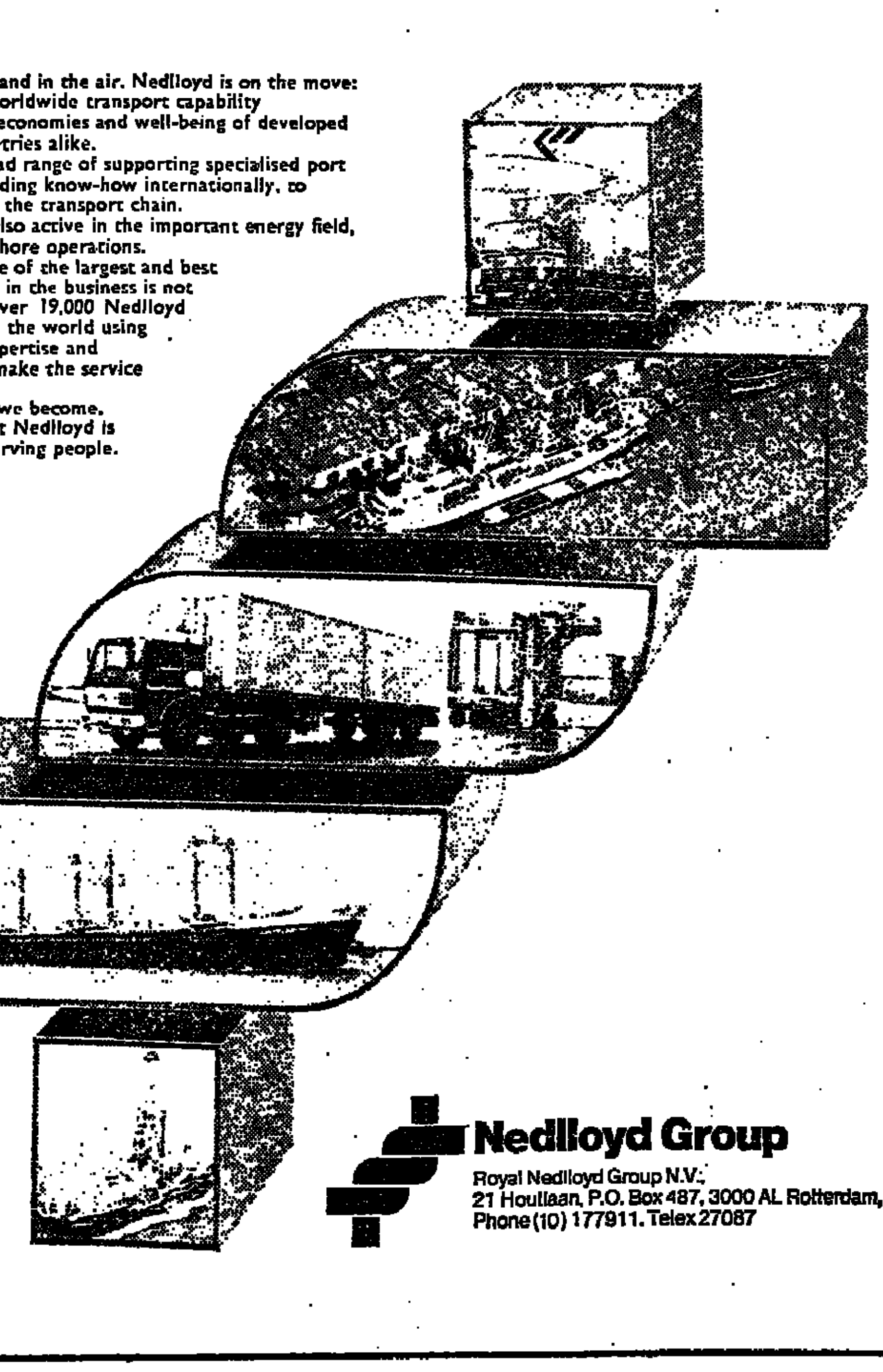
"The Hague Ballet School, for example, has a new building with fantastic equipment. They have their own theatre. None of the professional ballet companies in this country has its own theatre. Yet the schools are incapable of turning a talented 10-year-old into a professional dancer by the age of 18. They are improving but it will take 30 years at this rate.

"One of the problems is the dispersion of talented teachers and pupils over so many schools. A small country like the Netherlands needs one, at most two, training centres."

Despite generous Government and city councils assistance with it running costs, the Dans Theater still lacks a home base. It makes use of the inadequate facilities of the Circustheater in Scheveningen but rehearses in a number of modern nissen huts built on to its nursery school headquarters. In the corner of Mr Birnie's office is a broken cardboard model of a new theatre the company once hoped to have built. Planning permission was refused for the project of which the new theatre formed a part.

New plans for a more modest theatre which Mr Birnie believes could be built cheaply and be run at a profit will go before The Hague city council next month. It would seat 800-1,000 people and incorporate TV studios to film company productions and bring in extra revenues—ideas which show that the Dans Theater is still going from strength to strength.

Charles Batchelor



FT Surveys on Europe

ECONOMIC and political turbulence has been Western Europe's common experience for the past decade but rarely has its agenda of problems seemed so formidable. In a survey on Europe next month FT writers throughout Europe will look at how the major challenges of the 1980s in trade and industry, in energy, in defence and other key areas are being faced.

France

After the election of President Mitterrand France is entering a new era. What impact will the ambitious nationalisation programme have on France's onward march as a world industrial power? Indeed how far will the new Socialist Government be able to go in transforming its idealism into realistic policies. FT writers in France will examine the dilemmas—on Wednesday.

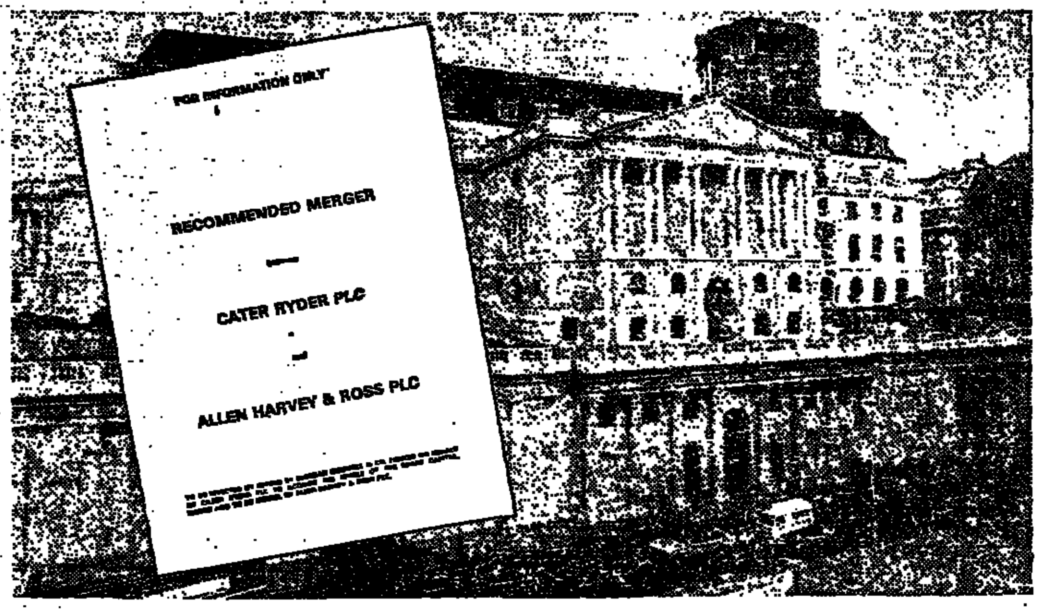
Spain

The country was brought up with a jolt earlier this year by the abortive coup and is now in the run-up to elections. It also has the World Cup to look forward to in 1982, however. FT writers look at the mood of the Spain today.

BRITAIN'S DISCOUNT HOUSES

New shape for an old market

By Barry Riley



Other discount houses may find it harder to follow the Cater Allen merger route

...G IS more symbolic of ...itions of the City of ...than the top-hatted bill ...n his morning rounds ...r business for his dis...use. On the face of it, ...tion of the discount ...as secured by the rules ...new monetary control ...ntroduced by the Bank ...nd last August.

...e decision of two dis...ouses to seek enhanced ... through a merger — ...yder and Allen Harvey ...s will begin trading on ...ted basis at the end of ...th — is a clear signal ...-reaching changes are ...rced upon this little ...od but important

...iscount houses provide ...f liquidity which can ...d by the banks. They ... deposits from commer...ks in the City, mostly ...hort duration and often ...t. The Bank of England ...es the banks to con...e discount houses as ...rly suitable places to their money.

... deposits are invested ...iety of public and pri...ctor short-term assets ... Treasury bills, trade ...d local authority bills; ...ally the houses make ...sky forays into longer ...ssets such as gilt-edged ...They have the privilege ... access to the Bank of ...'s Discount Office. ...hey can offset shortages ...y by selling bills to the ...ndeed, the discount mar... the routine channel ... which the Bank con...its operations in the ...markets.

...the years the Bank has ...d the discount houses ...en them special status. ...y have no exact equiva...n other major banking ... and their functions ...e carried out in other ...r instance by specialised ...nents of banks. Like the ...ed jobbers the discount ... live in the twilight zone ...n the monetary authori...d the out-and-out com... of the City, oddly com... public duty and specula...

...e past, discount houses ...uarded their indepen... jealously. For two ... based houses to get ... in order to form a ... unit—the combined company, Cater Allen, has total published net assets of around £15m and will probably be the third largest of the 12 members of the London Discount Market Association—is an indication that sheer size is assuming an importance that it has never had before.

Significantly, the Cater Allen merger has had the blessing of the Bank of England. And the rest of the discount houses are aware that the Bank would not be averse to a further limited shrinkage in numbers.

The dominant pair of houses are Union, the largest, and Gerrard, its close rival. At the start of the 1970s the two together accounted for about 35 per cent of the whole discount market in terms of their share of net assets. Today that share is over 50 per cent.

Freer, more competitive, conditions have allowed natural economies of scale to operate in favour of the bigger houses. Union and Gerrard each employ between 75 and 80 people, whereas houses with only a tenth of the capital resources probably need to employ a minimum of at least 40. Rapidly rising City rents and rates have helped to turn overheads into a much more important operational factor than they used to be.

The bigger houses have pioneered in developing an extensive wholesaling business marketing bills outside the banking system, notably to corporate treasurers. The small houses have not been able to match this and nowadays the vast turnover of paper requires computer facilities for efficient handling, again an area in which the large houses have a natural advantage.

In theory the small houses enjoy greater flexibility in the way they run their book of assets and liabilities, but in practice they have failed to produce the consistent flair which alone could bring success.

A small house with capital resources of £5m can run, on the basis of the 30 times multiple permitted by the Bank of England, a total book of up to £150m.

As a minimum it will probably have £1m of overheads to meet and will need to pay a dividend of say £0.5m. So it has to generate a net return of 1 per cent on its assets in order to keep its head above water—and this does not allow for the further sum of £0.5m to £1m which it would need to set aside to keep its capital base rising in line with inflation. Nor does it allow for taxation.

In practice it is very hard to obtain the required returns in normal money market operations and the small houses in particular have been driven to seek windfall profits by punting in the gilt-edged market. This has proved unrewarding in the long run, and in the short term highly risky.

The Bank of England only allows the raising of new capital to restore depleted resources to prevent houses from leapfrogging each other's market shares. But this rule has the unfortunate and uncommercial effect that the weak performers are encouraged while the successful houses are held back.

It suits the Bank, however, to attempt to restrain the polarisation of the discount market. Already it is probably true to say that Union and Gerrard are relatively too large for the Bank's comfort. It would be convenient if some of the smaller houses got together to provide some balance for the heavyweights—though a few nimble small houses would always be of use in oiling the wheels of the market.

Against this background the Bank has introduced its new monetary control system, in which the *discount market* is used as the key channel of intervention.

Here again, some small houses argue, the big two have a distinct advantage in that Union and Gerrard are almost certain to have at least some of their offers of bills accepted by the Bank. But the small houses may have to offer their bills especially cheaply to be sure of having their shortages met by the Bank.

Union and Gerrard are unconvinced that they enjoy any genuine privilege here. But they point out that large size has become important in another way, in that some very large acceptance credit facilities—under the terms of which bills are issued—have recently been opened up.

Thus the Mexican national oil company Pemex has established a $365m line of acceptance credit, and lines of above £100m are now by no means unusual. The existence of such big credits floating around the money market gives a distinct advantage to houses which can quote for, say, £50m of bills at a time.

The Bank of England is now closely monitoring the progress of its new system. *In particular it is trying to assess whether* the profitability of the discount houses is being adversely affected.

In the early months of the new system the profits of the discount houses have been under severe pressure—and several like Smith St Aubyn and Clive have reported losses for their recent half-year periods. But this squeeze has not been surprising in a period in which interest rates suddenly jumped by 4 percentage points at one stage, and on an underlying basis the performance of the houses is judged to have been relatively good.

The profitability test could be important because the Bank might decide that too many capital resources are currently being devoted to the discount houses—the total true net worth of the 12 houses is probably close to £200m—and in certain circumstances it might encourage the houses to shift resources elsewhere.

The history of diversification by discount houses is not a particularly happy one. A few years ago there was a wave of investment in money broking, which *superficially is a very closely* allied field. Money brokers are intermediates between the banks and large, mostly corporate, clients. Discount houses provide a market in liquidity which the banks can tap, and they increasingly also trade directly with large corporate customers.

The big difference, however, is that discount houses are capital intensive operations which take risks on to their own book. Money brokers are labour intensive businesses which rely on flair and salesmanship to earn commissions, but do not invest on their own account.

In the end the combination proved unworkable. The more traditionally minded discount house men found it too much of a headache to keep control of the often rather flashy and entrepreneurial money brokers, and one by one they sold out. Gerrard and National, for example, disposed of its 78 per cent in Astley and Pearce for £3.8m in August 1979.

Yet there is a nagging sense of a missed opportunity. While the share prices of the discount houses languish, the money brokers are the current darlings of the stock market. The newly floated Exco, of which Astley and Pearce constitutes a major part, is now valued by the stock market at around £75m. Discount house men mutter about former junior employees having become paper millionaires.

A few years ago several discount houses tried to diversify in another direction by setting up gilt-edged fund management subsidiaries. But the record has been patchy, and last summer Clive Discount decided to get out of the fund management business.

The relative failure of such enterprises places the smaller discount houses in something of a quandary, for there is no obvious way out of their difficulty. Undoubtedly they have all been thinking about the possibility of mergers.

For the time being the smaller houses are left to soldier on as best they can, trimming back their overheads and hoping perhaps that they will be clever or lucky enough to make windfall profits in the gilt-edged market.

Yet on past trends they will not be able to keep their capital resources growing in line with the monetary aggregates, and if they cannot do that their *role in the money markets will* inevitably shrink. For many years the discount houses have been at the very hub of the City of London; now, some of them are wondering whether they are drifting into something of a backwater.

Lombard

Gold Commission not a write-off

By Samuel Brittan

WHEN President Reagan established a commission to investigate the roll of gold, some people dismissed it as a neat way of heading off the agitation for a return to a gold standard. The commission is chaired by Mr Donald Regan, Secretary of the Treasury, himself a professed pragmatist, and signed-up gold bugs are in a pronounced minority.

But after visiting Washington it is clear that matters are not that simple. President Reagan's own instincts are pro-gold. Although they will not be enough to overcome the many obstacles to a return to a gold standard, they will—together with the groundswell of interest in the subject—put pressure on the commission to make at least some token gesture in the direction of the yellow metal. At a minimum the commission is likely to throw out the suggestion, beloved by those who regard gold as a "barbarous relic" that the Treasury sell off most of its gold stock, at market prices.

On the contrary, the Treasury is more likely to be told to hang on to its stock against the needs of an unknowable future.

The commission is likely to go further. One widely expected gesture is that the Treasury will be asked to resume the minting of gold coins. This would simply mean that it would, for a fee, act as a stamping shop for citizens arriving with bullion. It would certainly not be enough to give ordinary dollars a gold cover. It will sound more far-reaching if the Treasury actually provides gold coins from its own stock at world market prices plus a minting fee and replenishes its supplies on the markets: but the net effect will be the same. Such a "token gesture" could have unforeseen results if gold coins come into circulation as a parallel currency for settling transactions competitive with the *paper dollar*.

There is, however, a more far-reaching proposal put forward by Robert Weintraub, senior economist to the Joint Economic Committee. He starts from the fact that the Federal Reserve system already owns gold certificates representing title to 264m ounces of gold. These certificates are valued on the basis of a notional gold price of $42.22 an ounce—which dates back to the last internationally agreed parity of 1973. On this basis there is a "gold backing" of nine cents for each dollar of Federal Reserve note liabilities.

The proposal has two variants. In both the Fed would now be required to hold gold certificates of at least 9 cents for each dollar of its note liabilities. In itself this would put a ceiling on the growth of currency and would be too restrictive. Therefore the legal value of the gold represented by the certificates would rise by a few predetermined per cent per annum, reaching $51.78 in 1984. There would still be no gold convertibility.

The Weintraub proposal is a thinly disguised way of writing into law the standard monetarist proposal for a predetermined annual growth of the money supply, by controlling the monetary base—in this case by placing an upper limit on it. The formula could be adjusted to take account of changes in public preferences between cash and demand deposits and to take into account any other institutional changes in the financial system.

The bait for gold bugs is that eventually Federal Reserve obligations would be fully matched by gold valued at a realistic price and the question of gold convertibility could then be reopened.

Under the second variant the notional gold price would rise more quickly to reach $436.63 in 1988 and the gold cover requirement would also rise to reach 67.42 cents at the same date. This would lead to equivalent monetary growth, but the legal value of the gold would equal the present market value in the late 1980s.

Given the political and intellectual pressures there is *at least an even chance that* some changes in the monetary system, including the word "gold" but stopping short of an early return to gold convertibility for the dollar at a predetermined price, will be suggested.

Letters to the Editor

...multi-fibre arrangement and lost employment

...e Director of Studies, ...olicy Research Centre

... The article "Trying to ...p a pact" on the multi-...rrangement (November ...es a number of interest...es.

...nts out the 25 per cent ... output per man in the ...nity's textile and cloth...stries between 1973 and ...This was, of course, the ...eason for the fall in ...oyment. *Does it follow*, ...e. that the right policy ... stop such progress? ...this would do rather ...or employment in tex...nd clothing than the ... If employment losses ..., there is no logic what... in resisting imports but ...ng productivity gains, ...both involve releasing ...es from inefficient uses ...wing more efficient use ...re.

The article also points out that imports from low-cost countries have risen to over a quarter of Britain's sales by volume while imports from all sources have reached 60 per cent. Does this not make clear that MFA restrictions are a politically attractive but essentially fraudulent policy since they do nothing about the remaining 35 per cent? Indeed, *there* is encouragement for unrestricted suppliers to take the place of the restricted, as has been happening. The table published with the article shows Italy's overall surplus soaring from $1.73bn to $5.33bn between 1973 and 1980 and the U.S. moving from a $360m deficit in textiles to a $1.25bn surplus. It is not surprising that Italy is a "hardliner." It is almost certainly the largest single beneficiary of the MFA.

The same table gives another piece of interesting information. Excluding Germany, the European Community was in surplus in 1980 in textiles and clothing! Yet the Germans, who have by far the largest deficit, are the least restrictive in their approach to the MFA. Are the French, Italians and British fighting to save the Germans from themselves?

Can we at last dispense with figures on penetration in volume? If a company were to inform you that it sold only one ton of goods last year you would be *delighted if it were gold and* horrified if it were coal. Aggregating cotton grey cloth and Dior dresses by volume is equally intelligent.

Martin Wolf.
Trade Policy Research Centre,
1, Gough Square,
Fleet Street, EC4

...visions for disclosure under the Companies Act

...e Chief Press Officer, ...ent of Trade

... Mr Alan M. Lindsey's ...November 17) contains a ... of misconceptions about ...unting provisions of the ...ies Act 1981.

... provisions do not apply ... individual accounts of ... insurance and certain ...g companies nor to the ...accounts of the holding ...y of a group containing ...company.

... the new accounting ...ns will involve some ...al disclosures by large ...blic companies, the Act ...so permit medium-sized ... companies not to file ...e registrar (and accord... make available to the ... details of their turnover ...ading margins, and will ... small private companies ... much less information ...itherto.

... if the provisions of the ...t are brought into force ... spring of next year (and ...ate has not yet been ... upon), companies will ...iged to apply them only ...pect of financial years ...ing on or after the ...ted day (that is, if the ...f entry into force were ... February 1982, there ... not be an obligation to ...w form accounts until ...ber 1983). In order ...er, to enable eligible com... to benefit from the filing ...tions as soon as possible, ...nies will be able if they ...n adopt the new regime ...pect of accounts prepared (but not signed) for an earlier period.

So far as we are aware, all member states are actively working to fulfil their Community obligation to implement the directive, and the provisions are likely to be applied to the great majority of companies in the rest of the Community on a similar timescale to their application to UK companies.

D. J. Woods.
Department of Trade,
1, Victoria Street, SW1.

Local authority pension funds

From the General Secretary, National and Local Government Officers Association

Sir, — Raymond Nottage, (November 19) has for long been obsessed with a desire to impose an unfunded pension scheme on the staff of local authorities and he invariably attempts to reinforce his arguments with suggestions about potential cash savings.

Mr Nottage puts his views forward to every official body *which might conceivably show* an interest. For an informed comment on them local councillors, to whom his letter is directed, should study paragraph 326 of the Wilson report.

Fortunately it is not within the competence of local councillors, even in the unlikely event of their being so inclined, to take unilateral action to alter staff pension arrangements. The views of staff interests are of equal importance and *they are certainly* at variance with those of Mr Nottage.

The principal argument for introducing a "pay-as-you-go" scheme for local authority staffs is that because local authorities enjoy existence in perpetuity with the power to levy rates, their employees' pensions can be safeguarded by central or local government guarantee. This sort of argument is never particularly convincing and has an exceptionally hollow ring at the present time.

So far as this association is concerned *Mr Nottage could* not have chosen a less propitious time to pursue his unwelcome arguments.

Geoffrey Drain.
NALGO.
1 Mabledon Place, WC1.

Restructure the whole rating system

From Rowena Mills

Sir,—Peter Riddell (November 14) sets out two alternatives to Michael Heseltine's plan to introduce referenda (sorry!) referendums (ugh!) in relation to rates. What he and other commentators currently fail to recognise is that the only alternative solution must surely lie in a complete restructuring of the whole method of local financing and an abolition of the rating system as we know it today.

Rowena Mills.
West Grays,
Highercombe Road,
Haslemere, Surrey.

Inflation tax proposals

From the Senior Economics Consultant, Simon and Coates

Sir,—Professor Layard (November 12) has now accused myself, Samuel Brittan and (by implication) David Blake of falling into a "common fallacy regarding the inflation tax proposal" by making "the age old confusion between average and marginal tax rates." This is quite unfair. The inflation tax would set in train two separate incentives. Firstly, there would be a "marginal" incentive for employers—and employees concerned about the unemployment consequences of wage increases—to reduce their wage rises relative to the expected average. No-one has attempted to deny this (though I would suggest that marginal incentives already exist in the markt place, and that previous attempts to strengthen them through the *prices code* have been conspicuously unsuccessful).

Professor Layard's particular version of the scheme, however, provides for the entire proceeds of the tax to be re-distributed to the company sector, and it is this "average tax" element which recent objections have been about. In a permanent system, the possibility of a zero average tax rate must surely increase the incentive for workers to coalesce to ensure above-norm settlements for all. Provided everyone settles above the norm, no-one would pay tax (as Professor Layard admits) and this would eliminate the marginal disincentives for employers to exceed the norm. In such circumstances, why should employers not opt for the safe option of settling for the going rate? If they tried to gain tax advantages by settling lower than this, trade union pressure would no doubt be intensified against them, and the certain costs of a strike may easily outweigh the uncertain costs of a tax rate which could turn out to be zero.

It is therefore difficult to see why Professor Layard chooses to emphasise only the marginal incentives produced by his scheme, while ignoring the very real, and contradictory, incentives which the zero average tax rate would involve. Taxation which is refunded three months after being paid must surely lose some of its sting.

Gavyn Davies,
Simon and Coates,
1 London Wall Buildings, EC2

Lucas sees difficulties continuing

THE DIRECTORS of Lucas, the vehicle components, aerospace and industrial products group, see present difficult trading conditions for most of the current year with a possible improvement emerging in some overseas markets, says Godfrey Messervy, chairman, in his annual review.

While there are signs that the downturn in world trade in the vehicle industries sector appears to be ending there are few indications of a return to growth, he states.

"Therefore we expect the present weak demand for vehicles and tractors to continue during the rest of the company's financial year. Nevertheless, in these circumstances, we have achieved market penetration against the trend and we expect further growth in sales from new business in all our automotive operations."

In the aerospace field the directors expect world demand to remain healthy but see a levelling out of sales after last year's 50 per cent rise. They expect the call for new civil aircraft will lessen but see supplies for military aircraft being maintained.

Mr Messervy says the group will continue to invest heavily in improvement and expansion to attain a level of productivity and cost effectiveness which will enable it to make further market penetration.

As reported on November 10 the group incurred taxable losses of £21.43m against profits of £40.96m in the year to July 31 1981 after making second half profits of £3.97m (£28.64m). Current cost adjustments increased the year's losses to £72.46m.

At the year-end group shareholders' funds had fallen from £486.36m to £459.04m and loan capital stood at £27.81m (£30.06m). The increase in working capital during the year was £5.1m (£31.5m) and there was a net decrease in liquid funds of £73.8m (£63m).

Mr Messervy's emoluments for this his first full year as chairman and chief executive were £127,145 (£31,947), while his predecessor as chairman, Sir Bernard Scott, who gave up the post on March 31 1980 received £57,462 for eight months against £49,833 in the previous year.

NEWS ANALYSIS—RTZ BID FOR THOS. W. WARD

A cement foothold for overseas expansion

BY RICHARD LAMBERT, FINANCIAL EDITOR

RTZ has been stalking Tunnel Holdings, the UK's third largest cement group, for about two years—and on Friday it pounced. In a lightning market raid, the mining group picked up nearly 15 per cent of the shares in Thos. W. Ward, the industrial holding company which controls some 42 per cent of Tunnel's votes.

It then announced a bid for the rest of Ward's shares, and said that if it were successful it would immediately make a bid for the rest of Tunnel. Since RTZ already controls nearly 9 per cent of Tunnel's votes, it would start such a bid with over 50 per cent of Tunnel's votes under its belt.

Apart from its Tunnel shares, Ward's interests include an important cement works at Ketton in the Midlands, and a half share in Ribblesdale Cement of Lancashire. Tunnel owns the other half of Ribblesdale, and also has cement works in North Wales and at Pitstone, North West of London.

If RTZ manages to buy both companies, it will control about 20 per cent of the UK cement market—a long way behind Blue Circle with around 60 per cent, but well in front of the current number two, Rugby, which has roughly 16 per cent of the market. The Office of Fair Trading approved an abortive bid by Ward for Tunnel earlier this year, so RTZ is hopeful that its offer will get similar clearance.

For some time, the mining group has been anxious to build up its activities in the UK, where its pre-tax profits last year amounted to £33.9m, or less than 7 per cent of the group total. Although it is not involved in cement at the moment, it thinks that the industry has similarities with many of its existing activities in terms of handling, processing and environmental considerations.

It also believes that there are growth opportunities overseas. At his press conference on Friday, Sir Alistair Frame, the chief executive, referred admiringly to Blue Circle's successful investments in recent years in Central America. He suggested that neither Ward nor Tunnel had the experience or the financial muscle to make such a move without the help of a strong partner like RTZ. A big new cement works can cost well over £100m.

A successful takeover would also help RTZ to resolve a tax problem. Because it makes such a small proportion of its profits in the UK, it has had to write off over £34m of advance corporation tax in past years. This sum is available to reduce the corporation tax on future profits in the UK.

However, Mr Andrew Buxton, the finance director, says that this is a secondary motive for the bid. "We think this is a sound business move which has some incidental ACT benefits," he says.

RTZ has been involved with Tunnel for the last three years in a joint venture in the U.S. to exploit the "Sealosafe" process for handling hazardous industrial waste. This link evidently set the mining giant thinking.

According to Sir Alistair, "We have had over a period of about two years a number of discussions with Tunnel, because we had a high regard for its management and the way they had turned the company around in recent years. Tunel made it quite clear to us that they wished to remain independent, and we let it be."

But this summer, the position changed dramatically. Ward, which already controlled 29.9 per cent of the votes in Tunnel, launched a hotly contested bid for the rest of the company.

RTZ made no immediate move, because it thought the Ward offer would fail. But then Ward increased its terms, and managed to acquire a sizeable block of Tunnel's shares in the market. Victory seemed to be within its grasp.

At that point, RTZ decided to intervene, apparently because it feared that a Ward victory would be followed by a mass exodus of Tunnel's top management. Little love had been lost between the two groups since Ward had tried unsuccessfully to block Tunnel's move into speciality chemicals in 1978.

RTZ acquired a crucial 8.7 per cent of Tunnel's votes in the market—and the Ward offer promptly lapsed.

Within a few weeks, Sir Alistair started discussions with Mr Peter Frost, Ward's chairman, in the hope of securing an agreed takeover deal.

Mr Frost would have none of it. Various compromises were suggested: for instance, Ward apparently offered to sell its Tunnel shares to RTZ on the condition that it would then be allowed to buy back Tunnel's half share in Ribblesdale. But in the end there was no deal, and by last week RTZ had resolved to go ahead without agreement.

This is an unusual move for RTZ, which has not made a major takeover since it bought Pillar Industries in 1970. Sir Alistair says that this does not mean that the group has changed its philosophy and is about to embark on the takeover trail.

He also dismisses City speculation that the bid is a defensive move, designed to make RTZ itself more indigestible to an unwelcome bidder.

"I think it is highly unlikely that an American oil company would bid for RTZ," he said on Friday. "We know them all well, and we have had no approaches whatsoever."

Rejection of Fieldwood still urged by Braham

Mr G. Ross Russell, the chairman of mechanical engineer Braham Millar has written to shareholders again urging them to reject the revised offer by Fieldwood of 30p per share.

The circular shows that Braham Miller made a profit for the half-year to September 30 1981 of £3,000, compared with a loss of £115,000 last time. There was no tax charge (£65,000 credit).

After crediting extraordinary items of £39,000 (£76,000 debits), there was a profit of £42,000 (loss £126,000). Turnover for the period was £3.18m (£4.08m), and earnings per 10p share are given as 0.2p (0.4p loss).

The interim dividend is set at 0.3p (nil) payable on February 12 1982.

Mr Russell says that turnover is rising and the order book is higher than at any time in the past 16 months. The order intake in September and October exceeded £2m (£1.1m same period 1980).

Recent transactions produced cash in excess of £1m net of expenses, and an annual saving on overheads of approximately £220,000 was made.

The company's recently modernised foundry has trebled its sales of specialised parts for North Sea oil and gas pipelines, he says.

Yorks. and Lancs. rises to £116,304

Revenue after tax of the Yorkshire and Lancashire Investment Trust rose from £82,093 to £116,304 in the year to September 30 1981, and stated earnings per 25p share came out higher at 2.36p compared with 2.05p. However, net assets per share finished 7p lower at 31.2p.

The final dividend is being maintained at 1.35p net per share making a same-again total of 2p.

At the six-month stage the trust was already ahead with revenue after tax of £49,609 (£33,828). Gross revenue after bank interest for the year was £202,283 (£155,552), and tax took £60,228 (£41,013).

Marginal rise by NMC

A marginal improvement in pre-tax profits has been achieved by NMC Investments, the fibreboard container maker which also holds a general portfolio of interests, up from £21,996 to £26,663 in the half-year to September 30 1981. This came on turnover reaching £1.23m against £1.02m.

The directors attribute the rise mainly to increased profits on the sale of investments. However, the current uncertainty in the stock market gives reason to be very cautious about the outlook for this source of revenue, they add.

Net losses of the packaging division were slightly lower than those of the comparative period last year but substantially less than in the 1980-81 second half, the board says.

It expects that, provided sales growth there is maintained, the division will show considerably improved results by the year-end.

Earnings per 12½p share are given as 0.54p (0.53p). Dividends are paid annually. Last year's distribution was a net 0.75p, cut from 1.57p as the group slid from a taxable surplus of £253,051 to losses of £10,020.

This time the pre-tax figure was arrived at after charging for depreciation at £29,409 (£24,000) and interest at £20,940 (£7,874) as well as crediting dividends and interest received of £18,132 (£29,911) and earnings on the sale of investments at £43,045 (£31,175).

SUSSEX SECS.

Sussex Securities, wholly owned by Afex Corporation, has agreed to take a 50 per cent stake in USC Electric (Proprietary) for R490,000.

J. SWIRE/BLYTH

Court sanction has been received for the scheme of arrangement for Blyth Greene Jourdain and Co. to become a wholly-owned subsidiary of John Swire and Sons. It has now become effective.

SPAIN

1981 High	1981 Low		Nov 20 Price %
339	251	Banco Bilbao	339
345	280	Banco Central	342
320	229	Banco Exterior	310
330	239	Banco Hispano	315
128	117	Banco Ind. Cat.	117
383	284	Banco Santander	381
217	148	Banco Urquijo	216
366	263	Banco Vizcaya	359
252	203	Banco Zaragoza	218
165.5	82	Dragados	160
75	45	Espanola Zinc	67
72	55.5	Fecsa	71
50	22	Gal. Preciados	50
82.7	63.5	Hidrola	81
62.5	52	Iberduero	57.5
102.5	70	Petroleos	100
82	70	Petroliber	80
102	43	Sogefisa	43
78	60	Telefonica	78
78.2	60	Union Elect.	76

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Associated Leisure, Avana, Dundonian, Elswick-Hopper, John Foster, London and Liverpool Trust, Metal Box, Vinten.

Finals:—Cambrian and General Securities, Concentric.

FUTURE DATES

Interims:—	
Brady Industries	Nov 30
Bristol Evening Post	Dec 8
Ferranti	Dec 2
Fine Art Developments	Dec 3
Mansfield Brewery	Nov 24
Old Swan Hotel (Harrogate)	Nov 24
Property and Reversionary Inv.	Nov 26
Tunnel Holdings	Nov 26
Finals:—	
Dundee and London Invest. Tst.	Dec 2
Fenner (J. H.)	Dec 7
Greenall Whitley	Dec 3
Long and Hambly	Nov 25
Royal Bank of Scotland	Dec 3
Scottish Cities Invest. Trust	Nov 25

FT Share Information

The following securities have been added to the Share Information Service:

London American Energy NV (Section: Oil and Gas).

London American Energy Investments (Oil and Gas).

Nationwide Building Society 16¼ per cent Bond (27/10/82) (Loans—Building Societies).

RIT/SOTHEBY

RIT has reduced its shareholding in Sotheby Parke Bernet Group from 591,000 ordinary shares (approximately 5 per cent) to 100,000 (approximately 1 per cent).

PENDING DIVIDENDS

	Date	Announcement last year
*Allied-Lyons	Dec 1	Int. 2.0
*Anderson Strathclyde	Nov 26	Int. 1.0
Assoc. Cmmnctns	Dec 16	Int. 1.5
Avon Rubber	Dec 3	Final 1.0
BOC Intl.	Dec 18	Final 2.52
*BPB Inds.	Nov 24	Int. 4.0
Baker Perkins	Dec 11	Int. 2.1
*Bass	Dec 8	Final 8.3
Brit. Bldg. and Eng. App.	Dec 3	Int. 1.0
*Brockhouse	Nov 26	Final 1
*Brown (Matthew)	Dec 8	Final 4.436
*Burnett and Hallamshire	Dec 3	Int. 4.26
*Burton	Nov 26	Final 3.5
*Capital and Counties	Nov 27	Int. 1.6
Cawoods	Dec 4	Int. 1.4
*Charter Cons.	Dec 1	Int. 3.4
*Coalite	Dec 8	Int. 1.36
*Courtaulds	Nov 26	Int. nil
Dawson Intl.	Dec 2	Int. 3.0
Distillers	Dec 18	Int. 3.0
Dobson Park	Dec 9	Final 3.31
*Eastern Produce	Nov 27	Int. 1.4
*English China Clays	Dec 17	Final 3.5
*Extel	Nov 26	Int. 2.26
*Ferranti	Dec 2	Int. 2.5
*French Kier	Nov 26	Int. 0.85
GEC	Dec 4	Int. 3.5
Granada	Dec 4	Final 2.765
GUS	Dec 4	Int. 4.5
*Greenall Whitley	Dec 3	Final 0.9286
Guinness (A.)	Dec 12	Final 3.325
*Hall (M.)	Dec 2	Int. 1.974
*Hambros	Nov 24	Int. 65.0
Hanson Trust	Dec 10	Final 4.75
*Heath (C. E.)	Nov 24	Int. 3.1
ICL	Dec 11	Final 2.025
IC Gas	Dec 9	Int. 2.7

	Date	Announcement last year
Initial Services	Dec 22	Int. 2.75
*Intnl. Paint	Nov 30	Int. 0.98
*Intnl Timber	Dec 8	Int. 2.0
*Kwik Save	Nov 26	Int. 2.7
LRC Intl.	Dec 15	Int. 0.7
*MEPC	Dec 1	Final 4
*MK Elec.	Nov 30	Int. 5
*Marley	Dec 16	Final 1.25
*Metal Box	Nov 23	Int. 4.2
*Meyer (M. L.)	Dec 8	Int. 1.75
Norcros	Dec 12	Int. 1.96
*Northern Foods	Dec 15	Final 3.5
Pegler-Hattersley	Dec 10	Int. 4
*Philips' Lamps	Dec 8	Int 0.80
*Pilkngtn. Bros.	Dec 2	Int. 5.0
*RHM	Nov 26	Final 7.121
*Rediffusion	Nov 27	Int. 1.25
*Redland	Nov 26	Int. 2.67
*Rothmans Intl.	Nov 25	Int. 1.0
*Royal Bank Scotland	Dec 3	Final 2.7
Scottish and New. Brews.	Dec 22	Int. 1.5
*600 Group	Nov 26	Int. 2.34
Stenhouse	Dec 11	Final 2.93
Trafalgar House	Dec 5	Final 2.85
*Tunnel	Nov 26	Int. 3.5
Unigate	Dec 18	Int. 2.2
United Scientific	Dec 16	Final 3.0
Ward (T. W.)	Dec 17	Final 4.1125
*Wedgwood	Nov 25	Int. 0.875
*Westland	Dec 9	Final 3.5
*Wolv. and Dudley Brews.	Dec 8	Final 5.5
Woodhead (Jonas)	Dec 5	Int. due

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

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RNATIONAL BONDS BY ALAN FRIEDMAN

Rally in need of a recharge

a limited diet of nut for much of this year, ...obond market has been ...in heartily in recent ... The only problem with ...out on smoked salmon ...teaubriand, however, is ...ightly bloated feeling ...omes after the meal.

...last Friday, in the wake ...ly $2bn of new fixed Eurodollar issues over ...st three weeks, the ...was beginning to feel — although not com... stuffed.

...first signs of indiges... ne at the end of a week ...it is known in polite ... as "consolidation." ...a good start, the market ... by mid-week amid profit-taking. Suddenly ...h by dealers to build up ...iventories was no longer ...ie.

...dollar bond prices closed ...y ½ point on the week, a match for the previous 3¾ point rise. None the ...market was still reasonably happy and was still talking of the rally.

As for how long the party could continue, some bond experts were advising an early exit. "Now that we have rallied," commented one trader, "we will need a further fall in short-term Eurocurrency deposit rates for people to switch their funds into bonds."

This would mean a decline below Friday's six-month Eurodollar rate of 12¾ per cent (see chart). Few traders expect the rates to fall to the 12 per cent level this week, but some are hoping for a continuing decline in the period up to Christmas.

The lowest coupon offered by any Eurodollar borrower in a long time came from the Kingdom of Sweden last Thursday with its 14½ per cent indication on the $150m seven-year issue. The indicated price of 97½ caused some eyebrows to rise, but produced a yield of 14.85 per cent.

Although investors should look at yields as well as coupons, it was hard to ignore the low coupon on the Sweden issue. The lead managers — S.G. Warburg and Salomon Brothers — also noted that the borrower was hoping to tap an additional $250m by next June.

As of Friday, the grey market mid-price on the Sweden issue was less 1½. The issue was not being snapped up, but this was partly a reflection of investor preference for U.S. corporate names.

What next for the Eurodollar bond market's late autumn rally? New York is holding up and Fed funds are expected to average below 13 per cent this week, according to Henry Kaufman and company. But the Euromarket seems over-stimulated and in need of a pause to reflect.

While New York has been able to absorb an amazingly heavy new issue volume, the Euromarket is more tentative. The Euro-rally is not over yet, but it is rather in need of some encouraging news to recharge its batteries.

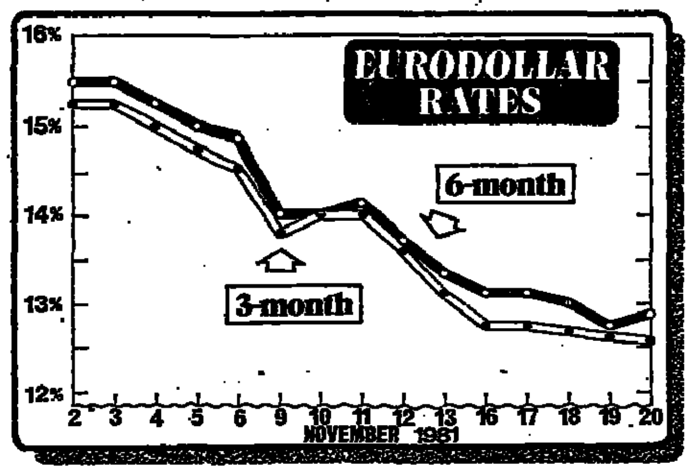
On the Continent, Friday saw the launch of a DM 200m eight-year issue with a 9¾ per cent coupon for New Zealand. This was the D-Mark foreign bond sector's answer to the Sweden coupon in the dollar sector—a new low in the current market. Commerzbank managed the New Zealand issue, which was DM 50m more than originally anticipated.

Tomorrow evening sees the launch of a DM 250m World Bank issue through Deutsche Bank. This time the coupon is expected to be 10 per cent.

The D-Mark foreign bond market managed a ¾ point increase on the week and all eyes will soon be focusedd upon the next calendar to be set for December by the West German Capital Markets Sub-committee.

The Swiss franc foreign bond market had a good, but not astonishing week, with a rise of ⅝ point on average despite the slight weakening of the Swiss currency against the dollar. This was largely a function of cuts in short-term deposit rates in Switzerland.

From Brussels comes the news that Euro-clear, the bond clearing house, had another record week. The par value of securities transactions settled through Euro-clear reached an all-time record level of $9.86bn in the week to November 20.



...EDITS BY PETER MONTAGNON

Venezuela digs deep

...r $1bn of short term ...elan public sector borrow...s came into the market ...eek, just as the govern... was steeling itself to ...a mandate for its forth... $500m medium term ...

...borrowings include a ...one-year credit for the ...g authority, Inavi at a ...of ⅝ per cent above ...n Eurodollar rates which ...ng syndicated by Orion and a $600m package for ...avings bank, Banap co...ted by Citicorp and Mitsu... Bank.

...latter is divided into two ...nts, a three-year certifi...of deposit facility and a ...ar loan being provided by ...ese banks, both of which ...a margin of ½ per cent.

...h short-term borrowings ...ng at this level, some ...rs feared the medium... loan could be crowded out. ...l award of a mandate for ...deal was thought to be ...ent at the weekend with ...inners being a group of ...nks led by Chase Man... and Morgan Guaranty.

...zuela apparently hopes ...nders will regard these ...ons as all belonging to separate markets. The short-term borrowings launched last week were both refinancings of existing debt, appealing to those banks who traditionally prefer the shorter end of the market. There are other lenders who prefer medium-term assets, it was argued.

Nonetheless many bankers maintain that the delay in awarding the $500m mandate—banks were asked to hold their *offers for an extra week while* a decision was reached—coupled with the release of so much short-term borrowing betrays a continuing lack of order in Venezuelan borrowing.

It contrasts strongly with the behaviour of Argentina's oil concern, YPF, which was thought to be almost ready to award a mandate for its $400m credit on Friday night, although there was understood to be some last minute haggling over the margins.

The group, led by Chase Manhattan and Bank of Tokyo, *which has been spearheading* the negotiations, were thought to have offered a split margin of 1⅛-1¼ over Libor or one per cent over U.S. prime, whereas YPF wanted to see at least an element of one per cent in the Libor tranche.

Ireland has become the second sovereign borrower in as many weeks to arrange a sterling credit. It is raising £100m over eight years on undisclosed terms through National Westminster and its subsidiary Ulster Investment Bank.

Fine margins are thought to apply to this loan—Ireland has been able to borrow at ⅜—½ per cent over Libor this year—as *is the case with a new loan for* Renfe, the Spanish state railway concern.

Renfe is raising $80m over ten years with a margin of ⅜ per cent for the first two years and ½ per cent thereafter through a group of banks led by Long Term Credit Bank of Japan. Renfe, whose borrowing bears a state guarantee, is also believed to be arranging an SDR 50m floating-rate note, which is attractive because of the lower interest rate applying to the IMF's currency basket.

Commercial banks again had *discussions with Polish officials* last week on the final documentation of their 1981 rescheduling agreement, but there still seems little chance of the package being signed before the year-end.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡OKG (Sweden)	50	1997	16	15¾	100	Hambros, Skand, Enskilda	15.750
‡††United Mexican States	100	1986	5	15¼	100	Morgan Stanley, First Boston Corp, Merrill Lynch	15.000
‡††Republic of Finland	100	1986	5	14¾	100	Salomon Bros.	14.750
‡Canadian Natl. Railwy	100	1991	10	14¾	100	Salomon, McLeod Young Weir	14.725
‡H'sehld Finance Intl.	100	1988	7	15	100	Goldman Sachs, Dean Witter, Smith Barney	15.000
‡†Libra	25	1993	12	5½Φ	100	Samuel Montagu	5.500Φ
‡Euratom	40	1991	7½	14½	100	Al-Mal Group, Chemical	14.500
‡Abitibi-Price	50	1991	10	15¾	100	Wood Gundy	15.750
§Rhythm Watch	15	1997	16	6	100	Nikko Secs., Kleinwort	6.090
‡†Den norske Creditbank	45	1993	12	5¼Φ	100	Nordic Bank	5.576Φ
‡Armco	50	1986	5	15⅜	100	Goldman Sachs., CSFB	15.375
Sweden	150	1988	7	14½	97½	Warburg, Salomon	14.850
‡†Ferrovie	200	1988	7	5¼Φ	100	S. G. Warburg	5.250Φ
‡†Sun Hung Kai Secs.	30	1986	5	7Φ	100	Citicorp	7.000Φ
Prov. of Quebec	100	1989	8	15¾	*	CSFB	*
CANADIAN DOLLARS							
‡Canadian Utilities	50	1996	9.75	17	100	Wood Gundy	17.000
‡Societe d'Hydrotheque Procan	35	1986	5	17½	100	Societe Generale	17.500
PanCanadian Petroleum	50	1988	7	16⅝	*	Orion Royal	*
‡**Quebec Urban Cmty.	20	1986	5	16¾	100	BNP, BBL	16.750
STERLING							
‡§Nippon Seiko	20	1996	15	6½	100	Kleinwort Nomura	6.500
D-MARKS							
Hydro Quebec	150	1991	10	10½	*	West LB	*
New Zealand	200	1989	8	9¾	*	Commerzbank	*
SWISS FRANCS							
‡Betica	50	1990	—	8	100	UBS	8.000
‡Sweden	100	1991	—	7¼	100	CS	7.250
‡**Hydro Quebec	300	1988	—	7¾	100	CS, SBC, UBS	7.750
Electric Power Devt.	100	1991	—	7	*	SBC	*
‡**OKG (Sweden)	100	1987	—	7½	100	SBC	7.500
GUILDERS							
EEC	100	1993	7½	12¼	*	AmRoBank, Algemene Bank	*
YEN							
‡Electricite de France	20bn	1993	12	8.6	99½	Yamaichi Secs.	8.727
ECU's							
‡Instituto Bancario San Paolo di Torino	30	1988	5½	14¾	100	Credit Lyonnais, Kredietbank	14.750

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. Φ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase Fund.
Note: Yields are calculated on AIBD basis.

U.S. BONDS BY DAVID LASCELLES

New issue glut checks market's momentum

THE SPECTACULAR bond rally in the U.S. got buried beneath an avalanche of new issues last week and ended up trying to extricate itself from under literally billions of dollars of new bonds. The key question now is whether the market will be able to recover its momentum: there was some uncertainty about that over the week-end.

The avalanche was no surprise, of course. Credit demand that had been pent up by high interest rates was bound to come pouring out once the market improved, and analysts warned that this would halt and possibly even reverse any major rally. But the market had struck other problems by the end of last week.

Some people felt the rally had run ahead of itself and would need a boost—like a friendly signal from the Federal Reserve—to keep it going. The Fed was supplying funds aggressively to the market after the Tuesday meeting of its policy-setting Open Market Committee. But though this caused some excitement, analysts concluded that these were technical interventions, and not a sign that the Fed wants to push interest rates down any faster than it is already. The Fed did reveal, though, that it left the money supply growth targets pretty much unchanged at its previous meeting, though it cut the preferred trading range for Fed funds from 15-21 per cent to 12-17 per cent in light of the weakening economy.

The rally has also drastically cut the real rate of interest on long bonds—to the point where it may have little further to go. The real yield on long Treasuries has fallen from nearly six per cent to about 3-4 per cent—which could blunt investors' ardour.

Last week's glut of issues was dominated by a two-part $1bn issue by Du Pont, the large chemical company which is trying to structure the financing for its recent acquisition of Conoco. The $400m of 10-year notes yielded 14 per cent, and $600m of 20-year bonds 13.95 per cent. Other borrowers included Ford Motor Credit, ITT, Armco, CIT Financial, and Kerr-McGee. The Kingdom of Denmark sold $100m of seven-year notes at 14.7 per cent. General Motors, whose credit rating was cut to double A because of the woes of the car market, indicated that it will borrow about $5.5bn in the first quarter of next year.

Most of the bond issues were of the so-called original issue discount variety. These carry low coupons (typically 5-7 per cent) but are priced well below par to allow for this. Underwriters have found these bonds go down well because they offer a high degree of call protection, and save investors the worry of having to reinvest a high yield in what could be a lower yielding market in the years ahead. Instead, the investor gets his return mainly in the form of a capital gain.

U.S. INTEREST RATES (%)

	Week to Nov 20	Week to Nov 13
Fed funds wkly. av.	12.94	13.61
3-month Treas. bills	10.12	10.84
3-month CD	11.75	12.40
30-year Treas. bond	13.01	13.37
AA Industrial	14.50	14.62
AAA Util.	15.00	15.25

Source: Salomon Bros.

FT INTERNATIONAL BOND SERVICE

...LLAR ...HTS	Issued	Bid	Offer	Change on day	Change on week	Yield
...r-Busch 16½ 88	100	103¾	103⅞	−0⅛	−0⅛	15.59
... Co. 17¼ 86	60	105¼	105⅜	−0⅛	−1	15.53
...m. Hyd. 16½ 88	100	104¼	104⅝	−0⅛	+0⅛	15.17
...m. Mfa. 17 97	54	104⅞	105⅜	−0⅛	−0⅛	16.08
...ar Fin. 16½ 86	100	104¼	104⅜	−0⅛	−0⅛	15.13
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 13½ 85 C$	50	†96	97	+1¼	+1	14.77
CIBC 11½ 85 C$	60	†92½	93½	+0½	+1¼	14.01
Federal Dev. 11½ 90 C$	60	†80½	81½	+0½	+0¼	15.61
Federal Dev. 17¾ 86 C$	40	†104	105	+1	+1¾	16.33
Fst. Can. Inv. 10 84 C$	50	†90	91	+1	+1¾	14.75
GMAC (Can.) 18 87 C$	60	†104	105	0	+0¼	16.69
Tordom Cpn. 13½ 85 C$	30	†96½	97½	+0½	−0⅛	14.57
M. Bk. Dnmk. 9 91 EUA	25	77½	79½	+0¼	+0⅛	12.95
SOFTE 8¾ 89 EUA	40	74¾	76	0	−0⅛	13.73
U. Bk. Nwy. 9½ 90 EUA	18	82	83¼	+1⅞	+1½	13.02
Algemene Bk. 10¾ 86 Fl	60	96⅝	97⅝	0	+0⅞	11.17
Amfas Group 12¾ 86 Fl	40	99	99½	+0⅛	0	12.45
Amro Bank 12 86 Fl	75	101¼	101¾	+0⅛	+1	11.52
Amro Bank 12 86 Fl	60	100⅝	101⅛	0	+0¼	11.75
Heineken NV 10 87 Fl	100	94⅛	94⅝	+0⅛	+0⅛	11.37
Pierson 10½ 86 Fl	50	93⅞	94⅜	−0⅛	+0⅛	12.05
Rabobank 12 86 Fl	50	100⅝	101⅛	−0⅛	+0⅛	11.69
Air France 14½ 86 FFr	200	91½	92½	−0⅛	0	17.14
Bk. America 14½ 86 FFr	250	91⅝	92⅝	−0⅛	0	17.07
Charb'nages 13⅞ 85 FFr	400	90⅝	91⅝	−0⅛	−0⅛	17.04
EIB 14⅛ 88 FFr	300	87	88	0	+0⅛	17.58
La Redoute 14⅜ 85 FFr	125	89¾	90¾	0	−0⅛	17.90
OKB 14 86 FFr	400	91½	92½	−0⅛	−0⅛	16.85
Solvay et C. 14¾ 86 FFr	200	90¾	91¾	0	+0⅛	17.73
Swed. E. Cr. 14⅜ 86 FFr	250	90⅜	91⅜	0	+0⅛	17.69
U. Mex. Sts. 14 85 FFr	150	91	92	0	+0⅛	17.30
Acona 14 85 £	20	91⅝	92⅝	+0⅛	+1⅛	16.83
Beneficial 14¾ 90 £	20	84¾	85¾	+0½	+2¾	17.61
BNP 13½ 91 £	15	84¾	85¾	+0¼	+1¼	16.73
CECA 13½ 88 £	20	89⅛	90⅛	+0⅛	+1½	16.01
Citicorp O/S 13½ 90 £	50	90⅞	91⅞	+0½	+1½	15.39
Fin. Ex. Cred. 13¾ 86 £	15	92¾	93¾	0	+1⅞	15.93
Gen. Elec. Co. 12¾ 89 £	50	87¾	88¾	+0⅛	+1⅞	15.23
Hiram Walker 14⅜ 86 £	25	94⅝	95⅝	−0⅛	+0⅝	15.78
Privatbanken 14½ 88 £	12	92¾	94	0	+2¾	16.17
J. Rothschild 14¼ 90 £	12	93½	94½	+0⅛	+1⅛	15.51
Royal Trustco 14 86 £	12	94⅞	95⅞	0	+1⅝	15.49
Swed. Ex. Cr. 13¾ 86 £	20	92⅝	93⅝	0	+1	16.00
Akzo 9¼ 87 LuxFr	500	86½	87½	0	+0⅛	12.47
Euratom 9¾ 88 LuxFr	500	87	88	0	−0⅛	12.80
Eurofima 10½ 87 LuxFr	500	89⅛	90⅛	0	+0⅛	13.12
EIB 9¾ 88 LuxFr	600	84¾	85¾	0	+0⅛	13.29
Volvo 9¾ 87 LuxFr	500	85⅜	86⅜	0	+0½	13.30

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99½	100	18/12	16¾	16.79
Bank of Montreal 5¼ 91	0¼	100¼	100¾	29/4	17.06	16.98
Bk. Nova Scotia 5¼ 93	0¼	100⅜	100⅞	29/4	17.06	16.96
BBL Int. 5 86	0¼	99⅝	100¼	20/5	13½	13.50
BFCE 5¼ 88	0¼	100¼	100¾	26/4	16.94	16.86
BNP 5½ 88	‡0¼	100¼	100¾	29/1	16¾	16.67
Christiania Bk. 5½ 91	‡0¼*	99	99½	5/2	15.56	15.68
Co-Ban Eurofin 5½ 91	0¼	98⅞	99⅜	14/4	16.69	16.83
Den Norske Credit 6 90	‡0¼	98¾	99¾	5/2	15.58	15.64
Genfinance 5¼ 87	0¼	100⅞	101⅜	30/4	17.06	16.87
Genfinance 5¼ 92	0¼	99¾	100¼	30/12	18.31	18.31
Giro und Bank 5¼ 91	‡0¼	99⅝	100⅛	23/12	17½	17.52
GZB 5¼ 92	‡0¼	98¾	99¼	5/12	17¼	17.42
Ind. Bank Japan 5¼ 88	0¼	100½	101	9/4	16¾	16.50
Lloyds Eurofin 5¼ 92	§0⅛	98⅞	99⅜	4/12	17.44	17.59
Lloyds Eurofin 5¼ 93	§0¼	100⅜	100⅞	29/4	17.13	17.02
LTCB Japan 5½ 89	0¼	99⅞	100⅜	16/1	18.32	18.29
Midland Int. Fin. 5¼ 92	0¼	99⅛	99⅝	5/12	17⅜	17.48
Midland Int. Fin. 9 91	0¼	100⅜	100⅞	30/4	17.06	16.96
Nacional Fin. 5½ 88	0¼	98⅛	98⅝	25/3	17.31	17.51
Nat. Bk. Canada 5¼ 88	0¼	100⅛	100⅝	24/3	17.31	17.25
Nat. West. Fin. 5¼ 91	§0¼	99½	100	15/1	18⅛	18.17
Nat. West. Fin. 5¼ 92	§0¼	100⅜	100⅞	23/4	17	16.89
Nordic Int. Fin. 5½ 91	0¼	99	99½	6/5	15⅝	15.74
Pemex 6 91	0¼	98⅜	98⅞	8/4	17	17.24
Pemex 5¼ 88	0¼	98⅜	98⅞	14/2	18.81	19.09
Sanwa Int. Fin. 5¼ 88	0¼	99⅝	100⅛	24/3	17¼	17.25
Societe Generale 5¼ 91	0¼	99⅝	100⅛	22/1	18⅝	18.65
Sparebanken 6 87	0¼	98⅞	99⅜	19/12	16.81	16.96
Sumitomo Fin. 5½ 88	0¼	100¾	101¼	6/2	19.56	19.37
Svenska Hndlsbk. 5 87	0¼	100	100½	15/1	18½	18.08

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	96½	98	−1½	−2.37
Bow Valley Inv. 8 95	4/81	23.12	99	100½	+1¼	22.99
Canon 6¾ 95	1/81	829	115½	117½	−0⅞	0.27
Daiwa Secs. 5½ 96	12/81	539	†87	89	+1	4.39
Fujitsu 4½ 96	10/81	6770	102	103½	−1⅛	0.80
Furukawa Elec. 5¼ 96	7/81	300	123	124½	−0⅛	−2.58
Hanson O/S Fin. 9½ 96	8/81	2.74	†84	85	0	−4.74
Hitachi Cred. Cpn. 5 96	7/81	1966	98¾	100⅛	+2⅛	13.69
Inchcape 8 95	2/81	4.55	†61½	63	0	19.25
Kawasaki 5¼ 96	9/81	229	81¼	82¾	−0¼	−0.80
Marui 6 96	7/81	931	100½	102¾	+0⅛	−0.40
Matsushita El. 7½ 95	11/80	590	92⅛	93⅝	−2	−3.42
Minolta Camera 5 96	10/81	909	77⅝	79	0	10.52
Murata 5¼ 96	7/81	2190	86	87½	−3⅛	10.11
NKK 6½ 96	7/81	188	97⅝	99⅛	−0½	−1.74
Nippon Chemi-C. 5 91	10/81	919	78½	80½	−2⅞	−3.43
Ricoh 6¾ 95	6/80	604	120	122	−0⅞	4.25
Sanyo Electric 5 96	10/81	652	85¾	87½	−2⅛	8.95
Sumitomo Met. 5¼ 96	10/81	305	87⅞	89⅜	−0½	2.81
Swiss Bk. Con. 6¾ 90	9/80	200	†82	84	+2	21.30
Taylor Woodrow 8¾ 90	1/81	4.94	†77	78	0	1.67
Transco Int. 8¾ 95	2/81	68	†82	83½	0	30.86
Tricorp 8½ 95	12/80	31.25	†75½	77	+0½	32.38
Union Bk. Switz. 5 89	2/80	70.78	†88	90	+1	9.95
Sharp Cpn. 6½ 89 DM	9/80	591.8	175¾	176¾	+1	−2.67
Uny Co. 6½ 85 DM	11/79	879.3	103¼	104¼	0	−1.27

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	4,187.8	9,125.2
Previous week	3,109.3	5,520.4
Other bonds		
Last week	1,113.1	731.1
Previous week	850.5	933.5

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued *is in millions of currency units* except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon *shown is minimum.* C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current *effective* price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; *Credit Lyonnais;* Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Commercial de France (Securities) London; Citicorp International Bank; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Manufacturers Hanover; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orion Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian *Bank; Societe Generale Strauss* Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on November 20

Brazil makes London an export centre

By Hugh O'Shaughnessy, Latin America Correspondent

ONE OF the major economic cliffhangers being played out in the world at the moment is the struggle Brazil is mounting to increase its exports before it is engulfed in a tide of foreign debt it may find impossible to service. In the next few weeks London will become one of the principal arenas in which this struggle will be played out. The giant Brazilian trading company Interbras, which already has a branch office in London, is to incorporate a British-registered operation with a capital of £300,000 and a newly whetted appetite for business.

The emergence of Interbras is symptomatic of the enormous energy Brazilians put into new ventures: they make up for their lack of expertise with tremendous push.

Developed into the most muscular of the lot

Interbras has grown rapidly since it was founded in 1976 to a point where, with annual sales of $2bn, it accounts for 8 or more per cent of Brazil's total exports.

The company was set up with a string of others after the Government in Brasilia decided that it needed quickly to develop a string of major trading enterprises which could really boost Brazil's exports with a lot of muscle. Interbras has developed into the most muscular of the lot; not surprisingly since it is the wholly owned subsidiary of Petrobras, the state-controlled oil company which ranks among the country's biggest enterprises.

The Brazilians felt that Petrobras, through its foreign operating subsidiary Braspetro which has connections round the world, would be well placed to push Brazilian exports. The oil company had to buy the large amounts of foreign oil that Brazil needs to keep going, as well as control the relatively small domestic production of oil. The thinking was that it could pass to its trading arm the opportunities for Brazilian exports in the oil exporting countries. In addition it could, as a state controlled company be a useful vehicle for government-to-government deals.

As part of a giant company it would also be able to help smaller Brazilian concerns, aiding them, for instance, to pre-qualify for major schemes they would otherwise have been excluded from.

Ashley Ashwood

Two of Interbras' men in London: Mr Simon Munro-Kerr, consultant on international affairs (left) and Sr Aylton Silveria, Interbras general manager

So it has turned out. Interbras sold $156m worth of goods in 1976, increased that figure to $1.48bn last year and expects to hit $1.99bn this year. To a large extent its success has been based on the soya explosion in Brazil but it has also sold other farm products from cocoa to lumber. It has handled manufactures, ranging from leather goods to earth-moving equipment, and construction projects such as that of building a strategic rail link in Iraq, source of much of Brazil's oil imports.

Hitherto Interbras has operated from its head office in the Rua do Rosario in Rio de Janeiro through a network of foreign branches in Baghdad, Buenos Aires, Caracas, Jeddah and Tehran. It maintained locally incorporated subsidiaries in the Cayman Islands, for booking deals in foreign currencies, and in Paris and New York for direct trading. The London office, in the International Press Centre, was a communications clearing house and the hub of the foreign network but until now it was kept as a branch office with limited autonomy.

From now, however, Interbras London hopes to have its own seat as a clearing member of the London commodity exchanges with the initial accent being on cocoa. It will act as a principal in the currency markets trading forward in U.S. and European currencies and do its own market research and commodity analysis. (With more financial trading being centred on London the role of the Caymans subsidiary will decline though it will be kept in being.) It will also have a commercial department to develop new markets for Brazilian goods and services.

On the 13th floor of London's International Press Centre the corridors and offices are cluttered with samples of Brazilian goods, some of which have gone well, some less well. Brazilian bicycles, for instance could not quite be landed here at a commercial price, says Mr Simon Munro-Kerr, the office's consultant on international affairs. His office is also filled with shoes which were selling well until a link in the British selling chain went into liquidation. "At the beginning," he confesses, "we were handling too many links in which we did not have all the necessary expertise." But he adds: "From now on we'll be much more selective and much more expert."

INTERBRAS SALES IN U.S.$m	
1976	156
1977	518
1978	507
1979	902
1980	1,487
1981	1,995*

(* projected)

The success that Embraer, the Brazilian aircraft manufacturer, has had in selling its machines in Britain and other parts of Europe shows that Brazilian manufacturers are as competitive in prices as they are sophisticated.

The chief of the new operation will be Sr Aylton Silveira, the present general manager who before his arrival in London was heading perhaps the most difficult of Interbras's operations, that in Tehran. When many companies from the leading western industrial countries left Iran the Brazilians kept trading, notably in the food products that the Khomeini Government had to continue importing throughout the Islamic revolution.

While he is effacingly polite about Iran and the problems of doing business there, one senses that he is happy with his move to London. "London has everything an international trader could want, airlines, shipping, telecommunications, insurance—everything."

Public Works Loan Board rates

Effective November 21

Years	Quota loans repaid by EIP†	Quota loans repaid At‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid At‡	Non-quota loans A* repaid at maturity§
Up to 5	[illegible]	[illegible]	16	[illegible]	[illegible]	[illegible]
Over 5, up to 6	[illegible]	[illegible]	16	[illegible]	[illegible]	[illegible]
Over 6, up to 7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over 7, up to 8	[illegible]	16	[illegible]	[illegible]	[illegible]	[illegible]
Over 8, up to 9	16	16	[illegible]	[illegible]	[illegible]	[illegible]
Over 9, up to 10	16	16	[illegible]	[illegible]	[illegible]	[illegible]
Over 10, up to 15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over 15, up to 25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16
Over 25	[illegible]	[illegible]	[illegible]	[illegible]	16	16

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only

FINANCIAL TIMES SURVEY

Monday November 23 1981

CASTINGS

The castings industry throughout Europe has suffered from the effects of recession and consequent overcapacity. In the UK it will be clear by the end of the year if the industry has decided to accept a scheme drawn up by Lazard Brothers, the merchant bank, which proposes a rational approach to re-organising its future structure.

tting for ure nands

lan Pike

ONTH, *Castings 81*—second-ever exhibition voted exclusively to the of the castings —was held for a week National Exhibition i Birmingham.

industry where there ple selection of gloomy and expressions of ng about the future, fact that the exhibition he ground came as a mbol of hope.

e hard-pressed British however, there was side to the picture. per cent of the stands chibition were taken by es from overseas—with ventures from castings turers in Germany, Holland and Portugal ising the growing ice of international ion and international iveness in the castings

o press the same point e Birmingham show with an exhibition of Chinese castings in London. Proof that the point was taken came at the end of the Birmingham exhibition when Mr Chris Butler, chairman of the Light Metal Founders Association *and managing director of* Butler Foundries in the West Midlands, warned that there was a danger of the floodgates of foreign competition being opened on the British castings market. He added bitterly that "the majority of the 50 foreign foundries exhibiting *at the* National Exhibition Centre even had their stands subsidised by their governments."

Mr Butler was undoubtedly speaking for many in the *British castings industry* when he itemised its problems, certainly as seen by the castings companies and those who work in them. The foundry industry, which only five years ago was coming under government encouragement to invest, had been "kicked in the teeth" by market contractions of up to 50 per cent, coming at the same time as high interest rates, energy costs and other public sector charges were all eroding profit margins.

"If it is this Government's intention to destroy the foundry industry then we should be told. We can then find a job selling castings produced in Germany, Taiwan or Spain. Hopefully, this is not the case and the Government will help—not protect—before it is too late."

As a supplier to other industries, the castings industry has felt the impact of the recession throughout Europe but, as the tone of Mr Butler's comments illustrates, the problems which result from this have been particularly severely felt in Britain.

At the most basic level, this *reflects the severe impact of* the recession—and pre-recession decline—in areas like shipbuilding and *other* engineering sectors which were traditionally heavy users of castings. Several other elements are required to complete the explanation, however.

One is the substitution of ferrous castings by light alloys and *other materials. Another is* the growth in "hidden" imports of castings in the increasing volumes of imported motor vehicles during recent years. And a third—as shown by the Birmingham exhibition—is the question of direct imports, both from the traditional competitors like Germany and growing ones like the Iberian countries.

About 11 per cent of the output of British foundries is exported at present, and in view of the relatively low value and heavy weight of many castings, there are limits to the extent to which the industry can develop international trade. But some British companies, particularly by concentrating on specialised areas, have succeeded in developing overseas markets, and there is a growing realisation in the industry *that further opportunities* have got to be sought overseas.

Efforts are being made to encourage small foundries to give more active consideration to export opportunities than they have often done in the past. The possibility of developing a joint venture export marketing approach is under con-

CONTINUED ON SURVEY PAGE IV

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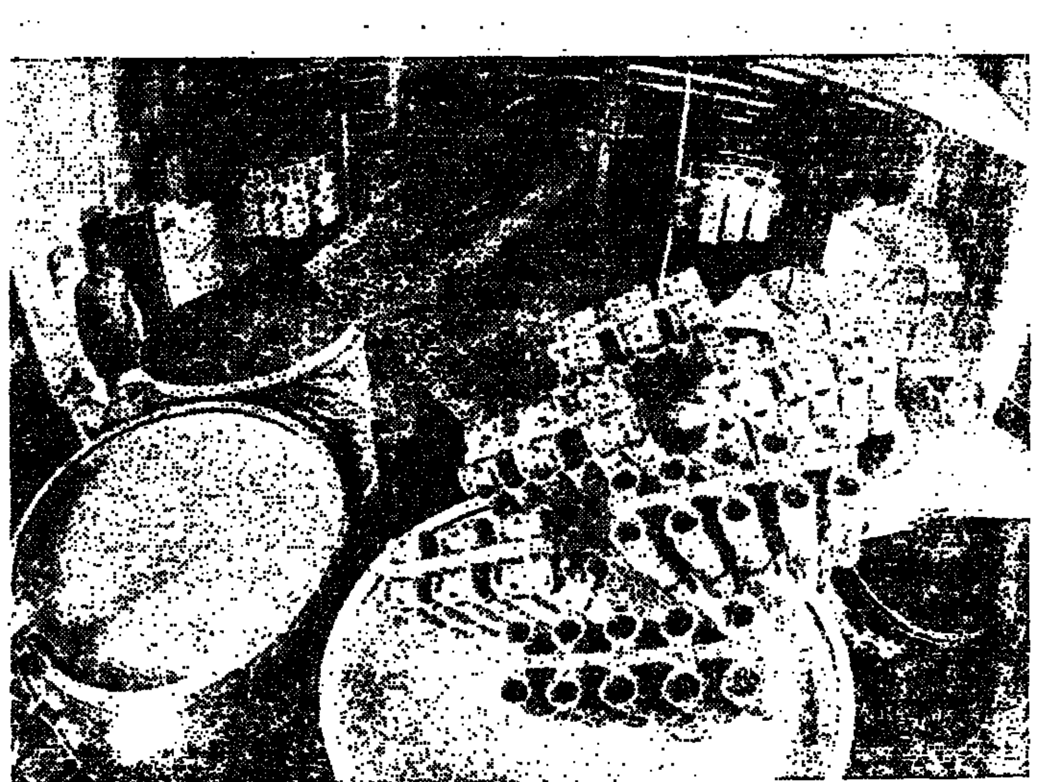
Editorial production by Catherine Darby.



Six clusters of 30 identical component moulds during shell formation at the Droitwich factory of Deritend Precision Castings. Each group of shells is taken successively from the indexing line (in the background) by a robot and manipulated in ceramic slurry and calcined clay particles as a further coating before being returned to the line

Lazards: streamlining the industry

The Lazards plan for reducing capacity in the steel castings sector by up to 25 per cent was put together by the merchant bank at the request of *a group of companies in the* industry.

A number of details are still under negotiation but Lazards has decided that there should be two schemes: one for high alloy castings and the other for the general steel castings (heavy and light) sector. For the purposes of the scheme, high alloy castings are defined as those containing by weight 11 per cent or more of chromium.

It would be possible for one of the two schemes to go ahead without the other, although Lazards hopes that acceptable schemes will be introduced in both sectors. Total tonnage in the general steel castings sector is about 135,000 tonnes, and in the high alloy sector 7,700 tonnes of which 1,693 tonnes have volunteered to close.

Companies which have been asked to consider taking part in the rationalisation exercise *include:*

GENERAL SECTOR: Alfred Steel and Sons; Alloy Steel and Iron; Aurora Holdings; Baker Perkins Holdings; Barnard and Sons; H. Bingham and Sons; Black Clawson International; George Blair; Bolton Crucible Steel; Bond's Foundry; British Shipbuilders; British Steel Corporation; Brockhouse; Brown and Gilmour; J.C.H. Castings; Wm. Cook and Sons (Sheffield); Crane; Cruickshank; David Brown Gear Industries; Davy Corporation; R. Goodwin and Sons (Engineers); Hornsby and Goodwin; Jamieson - MacGregor; Robert Hyde and Sons; Johnson and Firth Brown; Lake and Elliot; Ley's Foundries and Engineering; F. H. Lloyd Holdings; Neepsend; North British Steel Group (Holdings); Renold; Ryder Bros.; Simon Engineering; Spencer and Halstead; Terrill Bros. *(Founders); Triangle International*; Weir Group; Wombwell Foundry and Engineering.

HIGH ALLOY SECTOR: APV-Paramount; Associated *Engineering; Thomas Carling;* Cronite Group; La Bour Pumps; Dewramet; Johnson & Firth Brown; Gabriel; Guest Keen & Nettlefolds; Lake & Elliott; Low & Bonar; Nicholson Shell Mouldings; Weir Group; Wellman Engineering Corporation.

Compensation

In the general sector, Lazards has proposed that companies which remain in bus iness should contribute, over a five-year period, up to 2 per cent of turnover per annum to provide those which close with compensation of between 7 and 10 per cent a year. It is envisaged that in the high alloy sector companies continuing to *operate should contribute* between 2.5 and 4 per cent to provide from 7 to 9 per cent compensation.

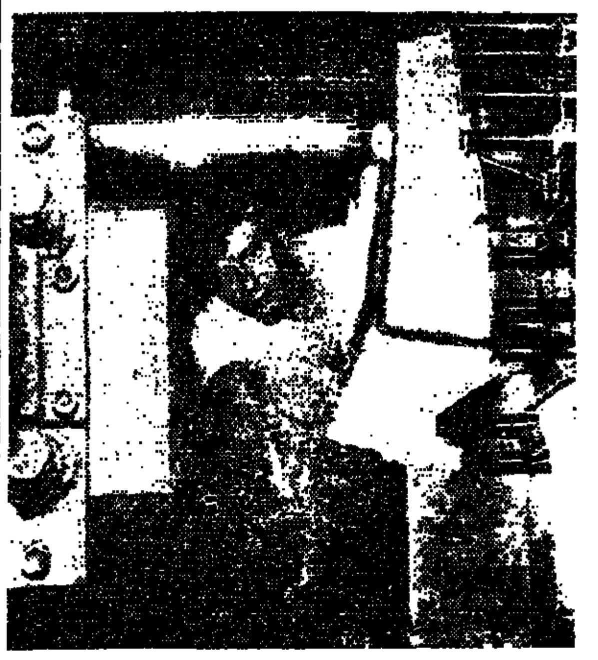
During the discussions on the plan it has been stressed by companies considering closing that their greatest costs will be at the moment of closure. Lazards has, therefore, been discussing with Finance for Industry whether once-and-for-all payments, rather than the five annual tranches, might be possible.

If front-end finance became available, companies volunteering to close could expect to receive between 20 per cent and 44 per cent of the reference turnover in general castings, and between 16 per cent and 30 per cent in the high alloy sector.

The Department of Industry has agreed that it will certify the Lazards plan as a rationalisation scheme under the Income and Corporation Taxes Act, 1970, meaning that payments under the scheme will be treated as allowable tax deductions. Melting furnaces and ancillary equipment of foundries which elect to close will normally have to be destroyed, and companies and directors will be required to undertake not to engage in any new British enterprises to make or distribute steel castings for five years.

Lazards has been working towards a timetable which would enable the rationalisation scheme to be formally introduced around the New Year, with the closures taking place by about the end of March.

A.P.



A range of activities in the non-ferrous industry. Left: a high-pressure diecast main casting for a rotary lawn mower being ejected from a die on a 600-ton Idra machine; centre, the Canadian-built robot (on the left of the picture) at Cronite Precision Castings has a 250 kg lifting capacity to increase the weight and quantity of castings produced; right, a brass diecasting produced by the gravity process —demand for brass and zinc has fallen away more quickly than for aluminium

Market demand for the small or automated

Non-Ferrous

ROY HODSON

AN ALMOST complete automated foundry now being operated by Fiat at Turin demonstrates the future for non-ferrous castings. Aluminium parts for Fiat cars are made during the night—the robots do not need to see so the factory works in the dark—while the maintenance workers go in during the hours of daylight.

The volume production of lightweight castings helps Fiat achieve abnormally high productivity by motor industry standards at the company's adjacent car assembly plant. It seems light years ahead of the conventional non-ferrous foundry carrying out whatever jobbing work it can get, often with low volume runs, and plagued by high overheads.

The foundry industry engaged in non-ferrous castings in Europe is undergoing fundamental changes as the needs of the large users of castings—primarily the motor industry and the domestic appliances industry—call the tune.

Although the industry is suffering from recession right across Europe—and particularly in Britain—the more fundamental groundswell within it is marked by the continuing closures of the medium-sized, often ill-equipped, businesses, while spanking modern installations, such as the Fiat foundry, are taking over the work.

Another strand is discernible as the changes take place. It is clear that there is still a place in the competitive foundry business for the very small operation which can specialise in short runs not worth the while of the capital-intensive installations.

During a period of severe depression in the British industry, with foundries going out of business every week, more than 60 new concerns have opened, mostly in the Midlands, to offer small-scale specialised services. A number of them have been started with the help of redundancy money by men who have spotted gaps appearing in the service to the castings market as their employers have gone out of business.

Up to the time the recession began to take effect in 1979, non-ferrous castings output was rising in Western Europe, although British producers were tending to lag behind the rest. The Japanese were expanding their own non-ferrous castings production by up to 13 per cent a year, mainly to supply aluminium castings to their car manufacturers which had swung to that metal before most world car makers.

Since then, all markets have fallen away with demand for brass and zinc castings declining much faster than aluminium. Indeed, in some market sectors and countries demand for aluminium castings has actually continued to rise as new models of cars and appliances have included greater amounts of the metal. That has been a local effect, however, totally dependent upon the design of particular new models.

This might have taken place in the UK had British Leyland gone ahead with its plan put forward in 1980 for a new £24m-plus aluminium foundry in Leeds to produce engine castings for its new range of cars to be introduced in the 1980s. In the event the industry argued strongly that there was enough surplus capacity available among Britain's light metal founders to meet any demand British Leyland may generate for castings. British Leyland reconsidered the costings of the entire proposition and decided not to build the foundry.

In a recent survey of the British market the economic development committee for the foundries industry reported a 25 per cent decline in demand in Britain for aluminium castings by the end of last year because of poor demand by the car industry and by the domestic appliances industry. Demand for zinc castings had also fallen by about one-quarter.

The likelihood is that demand for aluminium castings will surge ahead again as business picks up, and will improve at a faster rate than growth in the motor industry because of some switching into aluminium from other materials. Zinc however is likely to continue in decline.

An important outlet for zinc casting in recent years has been the lightly-stressed minor components used by car designers for embellishment and trim. Increasingly, plastics is being used to save weight, and often money, for those purposes at the expense of zinc.

Nearly 30,000 people are still employed in non-ferrous castings in Britain, according to the Foundry Industry Training Committee and its total turnover amounted to more than £550m last year. Nearly £300m of that was represented by aluminium and alloys while copper accounted for some £200m, and zinc and alloys around £60m.

Aluminium continues to make inroads against copper in its use by the electrical industry, although this development has been slowed recently by the relatively low price of copper. The aluminium-bronze business is a part of the fortunes of the marine engineering industry and, as such, has received a welcome boost recently by a somewhat better flow of ship orders to British yards.

Bronze founding has a proud tradition in Britain. Bronze components are used in every branch of engineering. Such derivatives as tin bronzes, phosphor bronzes, gunmetals, and leaded gunmetals, all have highly specialised uses and are not easily replaced with components made of other materials. The order books for that branch of castings are not good. In the cases of some specialised producers, however, orders have kept up better than might be expected in the current business climate—thanks to individual companies concentrating on specialised markets.

BL's production of the Acclaim, with its aluminium engine, gives hope to the non-ferrous foundry industry that more such designs will follow, calling for new production of cylinder heads and cylinder blocks. But, for the time being, that engine is being imported from Japan and the founders are gaining no business from it.

Renault and Fiat are already using substantial quantities of aluminium for engine castings in France and Italy.

The market is expected develop more quickly from n on in West Germany and oth parts of Europe as well. Alc Aluminiumwerk in Nurembe is currently employing near 1,700 people producing pisto and aluminium castings for t motor industry and it has ju completed a new foundry on t site. It is serving the Alc group throughout the world its development work on c ings, principally for the au motive industry. As a point to the future the company achieving particularly intere ing results in the use aluminium components for hig speed diesel engines.

The lightweight high-spe diesel may be the key that u locks a big new market f aluminium components for t non-ferrous foundries during t 1980s. Even if such engines a not widely accepted the founde expect a continuing swing t wards the use of aluminium petrol engines, and in mot suspension parts and wheels.

A selection of diecastings from Alumasc. Future indications show a place in the foundry industry for small operations on short runs, not worth installing capital-intensive equipment

Shrinking to match the falling needs of customer industries

Ferrous

ALAN PIKE

FERROUS PRODUCTS form the vast bulk of total castings production and, in the prevailing economic climate, it is therefore a simple matter of definition to say that the iron and steel sectors are experiencing a high proportion of the problems.

The foundry industry, as a supplier of other industries, is inevitably highly prone to fluctuations in demand from its industrial customers and particularly exposed in a recession. This, however, understates the scale of the problem facing British iron and steel castings manufacturers.

The recession has not only affected the castings manufacturers' traditional customers, it has devastated them; and, at the same time, ferrous castings are facing competition from non-ferrous products and alternative processes and materials, like plastics, and fabrications. Virtually every single major area of demand for iron and steel castings has gone down during the past five years, and in many cases the drops are dramatic.

Demand for steel castings in boilers and boilerhouse plant has slumped by 83 per cent and in shipbuilding and marine engineering by 69 per cent. In the iron castings sector there has been a 71 per cent drop in demand in ingot moulds and 67 per cent in textile machinery.

The difficulties of the British motor industry, long the heart of the market for many castings manufacturers, are both a direct cause of the present problems confronting foundries and an illustration of what is also happening on less highly publicised fronts. Demand from British motor manufacturers is down, while the indirect import of castings in cars manufactured overseas is sharply up.

At the same time motor manufacturers, anxious to improve fuel economy, are seeking lighter materials which could reduce still further the requirement for traditional castings—although optimists in the foundry industry believe there will continue to be a big market in motor manufacture for many years to come.

In these circumstances the iron and steel castings sectors have shrunk with their major markets and in some cases, because of the substitution problem, even faster.

The number of iron foundries declined from 745 to 580 between 1975 and 1980, and steel foundries from 86 to 77. During the same period employment in the iron castings sector dropped from 84,000 to 65,000 (−23 per cent) and in the steel sector from 21,000 to 14,500 (−31 per cent).

Iron castings output has dropped by 39 per cent during this five-year period, a little more than the output for steel castings which is down by 33 per cent. And, to complete a gloomy picture, the value of this output measured in 1975 prices is down 37 per cent for iron castings and 42 per cent for the steel sector.

A report by ICC Business Ratios earlier this year on iron founders showed that profit margins had dropped from 6 per cent in 1977-78 to 2.1 per cent in 1979-80, and that sales were virtually stagnant as profits plummeted. In spite of better-than-average performance by some companies, the results led the publishers to describe the industry as an "industrial dinosaur" plodding on towards extinction.

In one respect at least, however, the label dinosaur does not accurately describe the ferrous foundry sector. For an area which has experienced such a level of problems in recent years it has a substantial amount of modern capital equipment. This stems from the foundry industry aid schemes introduced in the mid-1970s by the then Labour Government to modernise the industry and to overcome bottlenecks in the supply of castings which had developed earlier in the decade.

About £200m has been invested in ferrous foundries since 1975. Perversely, some of the companies which invested most in new plant are now in the greatest financial difficulties because of high interest rates, but the sector at least has a reasonable amount of good plant and equipment.

Until recently it appeared probable that the ferrous foundry sector would plod on, if not to extinction, then certainly to continued contraction in a disorganised way which risked the loss of some of the most modern capacity. There is now, at least, the possibility of the inevitable, continued reduction in capacity being achieved in a more structured form in the steel castings sector.

Following an approach by a group of companies Lazard Brothers and Co, the merchant bank, wrote to steel castings producers in the summer suggesting an industry-financed programme to reduce capacity by 25 per cent. Companies taking part would have the option of remaining in the castings business and contributing to a levy to provide compensation for competitors who closed, or joined the closure list. Castings manufacturers volunteering for closure would, if 25 per cent of capacity were withdrawn, stand to receive compensation of about 7 per cent of turnover for five years.

An inevitable question is already being asked: might the Lazards scheme for steel castings be the forerunner of a similar plan in the equally hard-pressed iron castings sector? The answer is that there is not yet any guarantee that it will go ahead even in steel castings, although there is cautious optimism that some degree of rationalisation will take effect early in the New Year.

At the last count companies representing nearly 15 per cent of tonnage in the heavy and light steel castings sectors had indicated, as a starting position in the complex negotiations to restructure the industry, a wish to close. On the original levy proposals, a 15 per cent withdrawal of capacity would enable the compensation to rise to the equivalent of 11½ per cent of turnover. But, as Lazards pointed out in its last progress report to the steel casting companies, about 40 per cent of the industry has been standing outside the scheme in the hope of a "free ride at the expense of the participators."

Decisions by these uncommitted companies will do much to decide the outcome. Lazards has been making strenuous efforts to unite the industry on the issue by holding out the chance of financial assistance from external sources if there is industry-wide support for the restructuring.

Even in those companies which have decided to stay out of the Lazards scheme it is acknowledged that further reductions in capacity have to come. Steel castings production this year will be little more than 150,000 tonnes—half the level that was regularly being achieved in the 1960s—and no one in the industry seriously suggests that all available capacity will ever be needed again.

Dr J. A. Reynolds, director of the Steel Castings Trade and Research Association, speaks for many in the industry when he says of the Lazards scheme: "Notwithstanding the many difficulties posed by such a concept, it is hoped that something positive and significant will emerge, since a profitable industry is the essential prerequisite of a plan not only for survival, but of rebuilding the fortunes of this most important sector of Britain's manufacturing base."

CASTINGS III

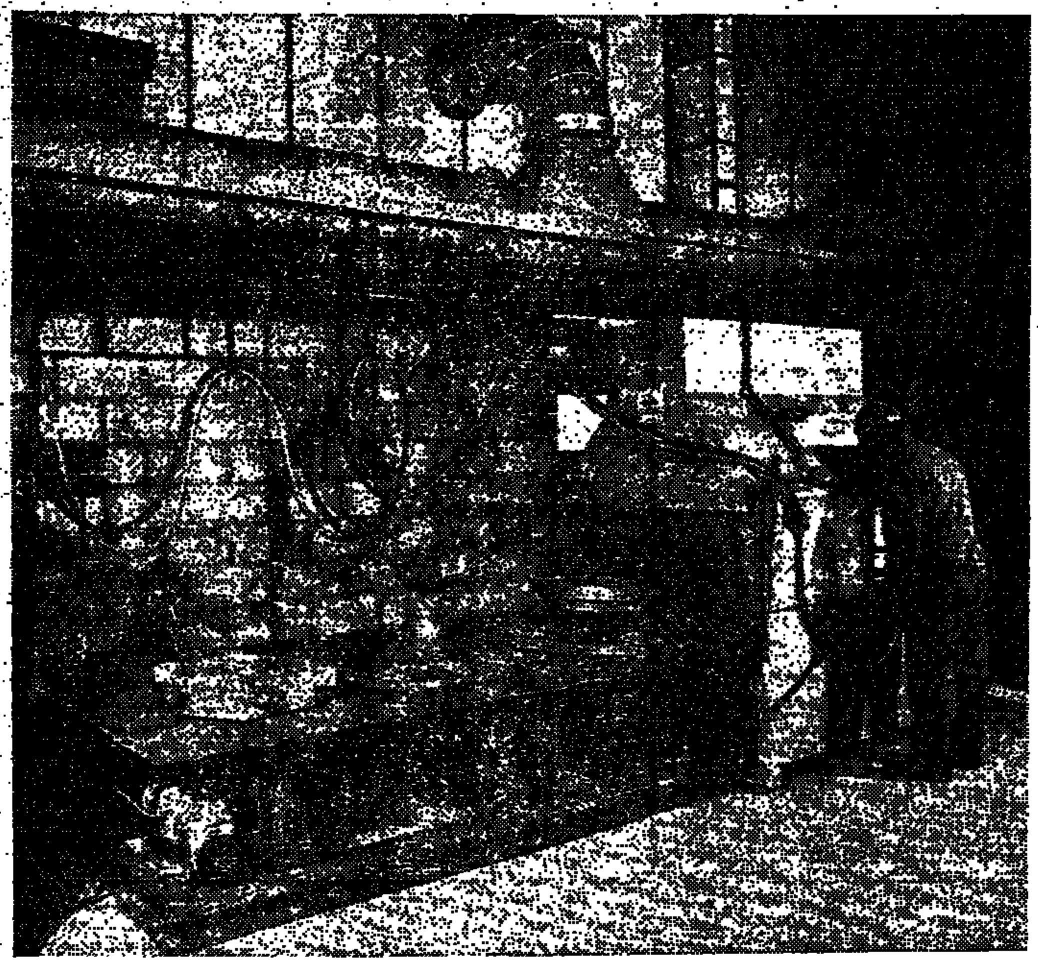
Pressure on UK industry to raise productivity

ITISH FOUNDRY in the incongruous on one hand, having abour and, on the ng it difficult to hold workforce together. ent has inevitably ring the recent diffi- castings manufactur- aced. Between 1975 there was a 20 per from 159,500 to jobs in the iron, minium, copper and gs sectors. In the he biggest percentage n employment, steel here there was a 31 lecline—it has been hat 6,000 out of the 6,000 jobs will dis- the mid-1980s.

of job losses result- ant closures could be if the foundry in- ows the example of ial neighbour, the try, and makes a con- e to improve produc-

y that productivity the British industry mpared with impor- titors like Germany. s problem is tackled y, rationalisation bring supply more ith demand—even if to fruition—will not industry fully com- ternationally.

ousands of jobs have hrough closures it is iest climate in which for further redun- but employers and lers on the National Development Council economic development are looking at the The committee made study of production in the final process- of a large steel foun- resulted in the wide of specific recom- s for improvements, r studies are planned. ner side of the man- estion is that, with the employment and un- ature facing the sec- tings manufacturers d increasing difficulty ing and retaining high killed personnel. This d to be becoming a problem so far as nagerial, scientific and cal staff and some are concerned. The application of new in Britain's foun- vily dependent upon ems being overcome adequate training its being maintained. most sectors of in- future of industrial s been in doubt over year as the Govern- Manpower Services



This Arcstract booth for the air-carbon arc process has achieved major improvements in working conditions, but the industry has still to overcome many health and safety problems, mainly arising from dust, inadequate machine guards, burns and eye injuries

Labour

ALAN PIKE

Commission ponder future training requirements. The outcome for the foundry industry is that its statutory training committee will disappear and training in the sector will become the responsibility of a reorganised, statutory Engineering Industry Training Board.

Not all of the manpower problems in the foundry industry can be blamed on the present recession. The industry does not enjoy a reputation for being one of the most pleasant environments in which to work and—although it is essential to draw a distinction between good and bad employers in this respect—this view is reinforced by continued concern about health and safety standards in some foundries.

Illnesses and accidents arising from dust problems, inadequate machine guarding, molten metal burns and eye injuries have traditionally been all too common in foundries. While the pages of sober official reports continue to use phrases like "unbelievably bad" and "nothing short of disgraceful" to describe health and safety problems in the industry, it is clear that much work has still to be done to bring the standards of the worst up to those of the best.

Economic conditions, such as those currently faced by the industry, do not, however, provide a climate in which expensive improvements are likely to be welcomed, although the Health and Safety Executive is convinced that a change in attitudes could often do as much as money to bring about worthwhile changes. Work by the NEDC foundries economic development committee—which stresses that it does not wish to see any lowering of current health and safety standards—has shown that the cost of complying with legal requirements can put the British industry at a disadvantage against foreign competitors.

The requirements are, says the committee, "occasionally applied in circumstances which can threaten the continued existence of a foundry by forcing it to make expensive investment in non-productive equipment at a time when it is trying desperately to break even." Representations have been made by the committee to the Health and Safety Executive and the Department of the Environment.

One question which the committee has raised is the possibility of foundries being given grants to help finance the cost of meeting safety legislation. It plans to pursue this further when it has completed an investigation of the approach adopted towards such expenditure in competitor countries.

PROFILE: WEIR GROUP

In support of joint planning

GROUP, Scotland's gineering company, a rough passage in ear or so, yet even the rationalisation proposed for the castings industry Weir's foundry as on an even keel. p's problems were principally by the ps division rather foundry operations. Weir is looking at the so-called plan for steel cast- nalisation, at least ing profits in foun- its own drastic had already taken re the plan was an-

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own

oup's reaction was the end of 1979 it unced the proposed of its steel foun- Alston in Cumbria, ncentrated on smal- ngs and OH Steel in Sheffield. Each ook place in early th had been in sub- and growing, losses result was to take een 10,000 tons to s at O H and about s annually in Cum-

ft Weir with three foundry operations, st and most modern is Catton, near The plant first came n 15 years ago and complete four years

is said to be one of modern plants of its Europe. It incor- the unique (to the to-line facility of echanised moulding a conveyor system lies mostly on high repetitious, work flexibility to cast at 2 and 250 kilogrammes. Its typical customers include the oil and petrochemical industries—in pump and valve castings—and construction and earth-moving equipment.

Other principal clients include the mining machinery industry, for conveyors and cutting machinery, and the armaments sector, which comes to Weir for tank tracks.

The auto-line concept is very similar to the Disamatic process but Mr John Young, Weir's managing director, while acknowledging the rival system's capacity for greater runs, claims that it lacks the flexibility of auto-line which can be re-scheduled for one-off business.

"Most days we are profitable on auto-line," says Young, despite the high loading factor required of a facility designed specifically for repetition castings. But, he points out that "order books are so short that we have no scope for scheduling or proper production planning." He adds, "It's a *day to day* management exercise to make sure that manning is in the right relationship to demand."

Modernisation is "very much a continuous process, although there are no dramatic breakthroughs," Young comments. "Most modernisation is devoted to process development on the moulding side to avoid the dressing effort where most of the planning goes in."

The group has installed a high-speed slinger, a moulding unit in a continuous process which can take casts of up to three tonnes. It has also recently commissioned an advanced steel refining plant using the argon oxygen de-carburisation process at a cost of about £500,000, which Weir believes serves two important functions. "It safeguards the existing business," the *managing director* claims, "where we had had difficulties in conventional metal mixes." The process is designed to control precisely the carbon content in steel, to ensure its homogenous quality by eliminating blow holes and the like and to reduce other impurities such as sulphur.

Weir is also convinced that AOD will "consolidate and extend the scope of the existing operation." It takes the group into new classes of business in sectors which the group already supplies and enhances its appeal "at the high pressure end of life."

Catton is currently producing at a weekly rate of 270 tons and its profitability has been lifted substantially by sterling's recent fall against the dollar. Some 20 per cent of its output is exported and U.S. customers take a significant proportion of this tonnage.

Definition

Weir also runs two other foundries. The Jopling foundry in Sunderland is currently producing 100 tonnes each week, at weights up to 14 kilogrammes in high definition castings. Its output goes to valve and pump casings, heavy vehicle castings and ship's deck mountings. The value of its output is some £200 per ton higher than Cattons.

Weir's remaining foundry operation in the Sheffield area is Holbrook Precision Castings (HPC) which is currently turning out 38 tons each week. Its value, per ton, is by far the highest of the other foundries selling at about three times the price of Catton's production. Its output is sold as small valve and pump casings, castings for aerospace fuel systems, mechanical seals and outboard motor crankshafts.

Currency realignment and rationalisation have helped Weir a lot. The slimming process has entailed heavy redundancies at O. H. Steel Founders, however, where there were 860 redundancies early last year. At Catton the group has reduced its payroll from 887 to 564 employees which, with other cost savings, have lowered the breakeven point. This was crucial since the plant still has the capacity to produce around 350 tons or more each week against its current 270 ton output.

Weir has perhaps been fortunate that it has not been forced to shut off much of the capacity introduced under the auspices of the last Government's sectoral investment scheme started six years ago. The effect of the investment at Alston, running out at around £500,000, was relatively important to that particularly plant and OH, too, was encouraged to spend on about the same sort of scale, but the total effect, says Young, was "not terribly material" in terms of total group capital investment, at that time and since then.

Having been encouraged to add capacity, however, the industry as a whole is faced with the need to pare down. The view Weir took in March, with the report and accounts, was that the Government should "accelerate the market forces." But the group is now "very much in favour of the industry getting together" to negotiate a planned rationalisation and "is very much involved with what Lazard is doing." Young is "surprised that the scheme didn't break up after the first burst of enthusiasm" and is "still hopeful that we're going to get a solution."

But will Weir sacrifice its own interests for the good of the industry as a whole? Or does it feel that it has already done enough? The annual report written by the then chairman, Viscount Weir, earlier this year may provide a clue. "By closing OH Steel Founders and Alston Foundry we have played our part in accepting the realities of the situation," he told shareholders.

Its role will be critical. With F. H. Lloyd, Weir is still probably the leading private steel founder in this country and its decision is going to have a significant bearing on the success of Lazard's plan. Against that, outsiders feel that Weir will fight hard to protect the investment it has made in modern moulding facilities.

Ray Maugham

CASTINGS IV

The vacustract system reduces moulding costs, improves control and enables large castings to be produced with high dimensional accuracy. It was originally developed to improve the environment inside investment foundries by reversing the flow of the pumps to create a partial vacuum, thereby removing the fumes caused by the resin when the steel is being poured

Plenty of scope for new techniques

Technology
ALAN CANE

THE CASTINGS industry uses energy prodigiously. A UK Department of Industry study published this year suggested that in 1979 the energy used by sand foundries cost £20m and that by investment foundries £10m.

Despite the decline in demand for steel castings associated with the recession, rising fuel costs have meant that saving energy has become a prime target for the industry. The DoI study (Energy Use in the Steelfoundry Industry) reckoned that 10 per cent of the energy now used could be saved by: "Improvements in housekeeping, fairly simple modifications to processes and little capital expenditure."

A further 20 per cent could be saved, the report goes on, by the development of new technologies to change the methods of production and recover waste heat.

According to the report: "The production of a casting involves the expenditure of much energy which is lost during solidification and cooling. There is considerable scope for the development of new techniques which will either reduce or eliminate the intermediate cooling operations or recover the heat which is presently wasted."

The castings industry is ripe for the introduction of the new electronic technologies in areas such as production control and computer-aided design.

There is still a long way to go in improving matters through quite simple technical developments, however.

Dr Jeffrey Reynolds, director of Britain's Steel Casting Research and Trade Association (SCRATA), puts it this way: "Other, perhaps newer sciences and technologies may appear to have more glamour and excitement and may indeed move at a faster pace, but it remains important that we do not neglect our basic industries to the point where we become dependent on imported products."

He points to three simple innovations that SCRATA has developed in conjunction with the foundry industry.

● Contirun:

This is a simple improvement in the pouring of liquid steel which improves the quality of the final casting. It was developed in conjunction with Dyson Refractories of Burton-on-Trent, in Staffordshire. The rate at which molten metal is poured into a sand mould is critical; if the pouring rate is too slow it is easy to burn the binder in the sand. To control the flow, a gating system of preformed ceramic hollow ware—a series of hollow ceramic tubes—is used, and built up Lego fashion to suit the individual casting.

The problem is that it is all too easy to fill the nooks and crannies in the gating system with sand, which then gets into the casting metal and spoils the integrity of the cast.

The very simple answer was to use cardboard tubing as a lining within the ceramic hollow ware; it prevented the sand getting into the cracks and it burned away harmlessly when the molten steel at 1650°C was applied to the mould. "It is the simplest and cheapest way of improving the cleanliness of the mould that I've come across," Dr Reynolds says.

SCRATA pays a lot of attention to unwanted inclusions in castings as they can render the smaller, high precision jobs unusable. In larger castings they can ruin the surface or even destroy machine tool bits during machining.

● Vacustract:

This began life as a way of improving the environment inside investment foundries.

"It is often difficult to see your hand in front of your face, so heavy are the fumes in these foundries when steel is being poured," Dr Reynolds says.

The fumes come from the resin used to hold a shell mould together. These resin-bonded shells sit in a bed of fluidised sand; sand which has been turned effectively into a fluid by pumping jets of air through it. In the Vacustract system, the flow of the pumps was reversed so that the shells sat in a partial vacuum. It got rid of the fumes, but it also gave spin-off benefits in terms of the use of thinner shells and greater casting weights.

"Once the shell is in the bed with the vacuum on," Dr Reynolds says, "nothing on earth will pull it apart. We need to use less binder and get a casting of better integrity."

● Kaltek:

This is perhaps the most exciting development in the past year, and one that is exciting interest in casting shops throughout the world. It offers both energy savings, time savings and improved steel quality.

Traditionally steel is moved from furnace to casting in large steel ladles. These have to be pre-heated to minimise the risk of explosion and to prevent a chilling effect on the hot metal.

After use, the ladle has to be cooled with compressed air, and the remaining steel scraped off the lining. Where the lining has been damaged it has to be repaired. It is all time-consuming, wasteful and thoroughly unpleasant for the foundry workmen.

SCRATA, working in conjunction with the major UK foundry services company Foseco Minsep, came up with the idea of a cheap, disposable lining.

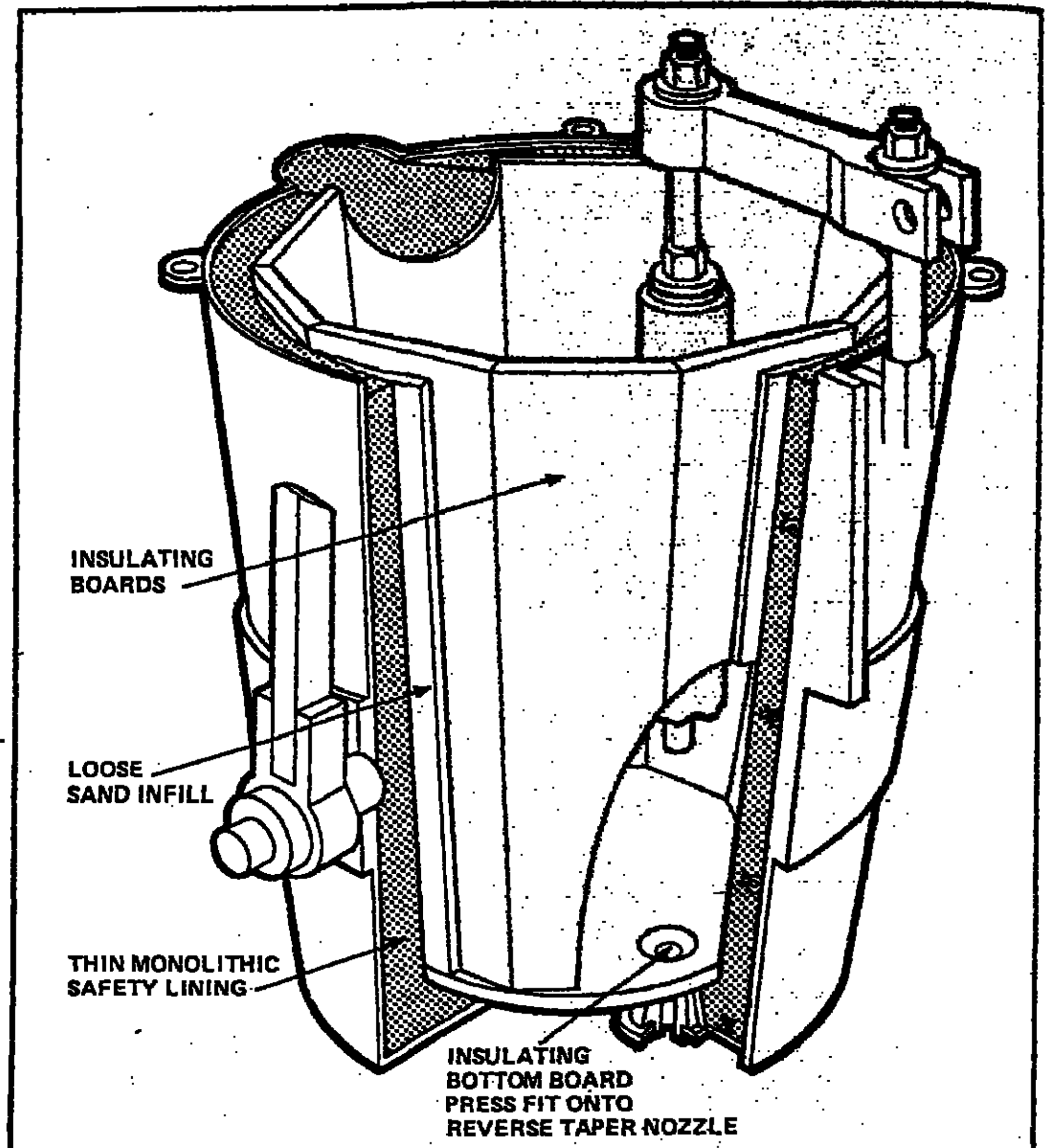
The material used is a well-proven refractory mixture already used in foundries throughout the world. Foseco provides it as boards, the boards are placed in the ladle and then cemented in place.

This development has a number of advantages. First, there is no need to preheat the ladle because of the insulation afforded by the Kaltek boards. Second, the turn round time for ladles is reduced from 6.5 hours to 45 minutes (there is no need to cool the ladle, it is simply turned upside down and the used lining falls out). Third, the quality of the steel is improved because contamination from linings and lining repair materials is completely eliminated.

At its launch, earlier this year, the cost of the material was £5 a steel which, Foseco believed, made it a cost-effective alternative to the old way of handling the ladles.

The industry is now examining the possibilities of further savings through mechanisation and remote control. There is, for example, a need to investigate the use of robots to handle hot castings. The moulds could then be broken open at temperatures higher than humans could tolerate and excess metal cut off and the casting charged into the heat-treatment furnace while still red-hot.

Dr Reynolds points to a burning machine sold to the North British steel group and a heavy duty grinding machine in use at the Craigneuk Works of the British Steel Corporation as examples of mechanisation. There would seem to be great scope for the use of automation and robots in an industry which creates such an inhospitable environment in its workplaces.



This technique uses ladles with a disposable insulating material

Campaign against the cost of energy

THE FOUNDRY industry has, along with a few others like steel and chemicals, been in the forefront of the crusade for British energy prices to be brought more into line with those of overseas competitors.

Foundry coke—the cost of which represents 6 to 7 per cent of the selling price of iron castings—is the sector's biggest area of concern on the energy front. Studies earlier in the year suggested that British coke prices were some 30 per cent higher than elsewhere in Europe, and as much as 50 per cent higher than the French level.

This aspect of the problem has now been subsided, partly because of variations in exchange rates and partly because of a £10 per tonne reduction in prices following an increase in the National Coal Board's cash limits in the summer (although French prices are still below the British ones). Mr. Derek Farrant, director of the Council for Ironfoundry Associations, says that the long-term future of this financial support — plus the outcome of the present pay negotiations between the NSC and the National Union of Mineworkers—will be important determinants of whether coke costs again become a serious problem for castings manufacturers.

Some foundries are also large users of gas and electricity—about 15 per cent of metal in the sector is melted by electric routes. Companies in this position face the same difficulties over energy prices as the steel industry.

A study by Industrial Market Research published this month on behalf of the National Economic Development Council concluded that the iron and steel sector is still at a significant disadvantage on energy costs. On October 1 prices, the research concluded that the British industry paid 20 to 30 per cent more for electricity than in France, and 15 to 2[illegible] per cent more than in West Germany.

British companies, says the report, pay 18 per cent more for gas than their competitors in the Netherlands, and 4 to 8 per cent more than in other EEC countries.

A.F

Getting fit for future demands

CONTINUED FROM SURVEY PAGE I

sideration by the National Economic Development Council foundries economic development committee.

The biggest area of concern about imports—and the one which British castings manufacturers can do least to influence in direct terms—is the volume of castings entering Britain in finished goods. The sector working party is worried both by the import of castings from countries like Spain, which it says benefit from what are in effect export subsidies, and non-tariff trade barriers against British exporters.

Efforts are under way to tackle some of these problems by devising means of giving British foundry companies more help in identifying and overcoming export barriers, and improving the industry's framework of standards and specifications. All in the industry are aware that nothing else will come right unless the basic structure is a sound one. No amount of additional vigorous export effort is likely to overcome the over-capacity problems confronting the British industry.

Invested

Output in the British foundry industry has suffered declines in output during the past five years ranging from 6 per cent in the copper and alloys sector to 33 per cent in steel and 39 per cent in iron castings. Profits, jobs and other indicators—including the sheer number of foundries—have travelled in the same downward direction. Yet while this decline in the market has been in progress the industry has, until quite recently, been receiving investment aid under a foundry development scheme initiated by the then Labour Government in the mid-1970s.

The aid scheme at least means that the industry now has some modern capacity which would almost certainly not otherwise have been developed—although companies which invested the most are today often in the greatest immediate difficulty because of high interest charges.

This leads directly to the next stage of the problem. Although present capacity in the major areas of production exceeds supply, there have been growing fears in the industry that a conventional, piecemeal approach to rationalisation as individual companies choose or are forced to leave the business is in danger of leaving the surviving industry with a completely irrational structure.

This, employers and union leaders fear, could in an economic upturn lead to a renewal of the very production bottlenecks which the State-financed foundries aid scheme was designed to clear. The sector working party has also expressed concern that, when orders do pick up, companies may need to finance an increase in working capital at a time when they are likely to be at the limit of their bank facilities. "This period of difficulty might be short but the need will be acute if demand is to be met."

In the steel castings sector the industry has shown that it is capable of doing more than simple talk about problems like these. At the request of a group of companies in the industry, Lazard Brothers, the merchant bank, has proposed a levy system financed by the industry designed to induce companies to close down 25 per cent of capacity which is surplus to requirements.

There is no guarantee yet that the scheme will go ahead. Informed opinion suggests that at least some version of the scheme will be launched, but if considerably less than the target 25 per cent of capacity were closed it might deprive the industry of the once-and-for-all chance of putting itself on a more secure footing.

The progress of the Lazards scheme for steel castings is being watched with great interest in other sectors of the industry. Bringing capacity into line with demand would not miraculously solve all the problems facing foundries—apart from the acknowledged need to export there is deep concern about energy prices while productivity, although improved, is likely to require further attention—but it is the foundation for a solution.

Companies are, not surprisingly, divided over whether the Lazards approach is the ideal one, but few deny that a rational rather than accidental approach to the industry's future structural requirements has advantages.

By the end of the year it will be clear whether an industry which has faced severe problems, not all of its own making, has a chance of putting its own house in order. The British foundry industry has an enviable reputation for the quality of its research and technology. It also has powers of innovation as, for example, the recent growth in the production of decorative castings for domestic markets demonstrate.

There remain many British castings manufacturers who believe that, with the right structure, the industry will be fit to meet the growing pressures of international competition.

SUMMARY OF FOUNDRY INDUSTRY'S KEY STATISTICS

SECTOR	Number employed 1975	Number employed 1980	Number employed % change 1980-75	Number of establishments 1975	Number of establishments 1980	Number of establishments % change 1980-75	Tonnage output (000 tonnes) 1975	Tonnage output (000 tonnes) 1980	Tonnage output % change 1980-75	Value output (£m) current prices 1975	Value output (£m) current prices 1980	Value output (£m) 1975 prices 1975	Value output (£m) 1975 prices 1980	Value output (£m) 1975 prices % change 1980-75
Iron	84	65	−23	745	580	−22	3,002	1,819	−39	772	992	772	489	−37
Steel	21	14.5	−31	86	77	−10	269	180†	−33	172	221†	172	99	−42
Aluminium and alloys	34*	30*	−12	400†	375†	− 6	170	127	−25	178	298	178	121	−32
Copper and alloys	14*	12*	−14	300†	275†	− 8	67	55	−16	104	196	104	123	+29
Zinc and alloys	6.5*	6*	− 8	110	112+	+ 2	57	43	−25	71	65	71	31	−56
TOTAL	159.5	127.5	−20	1,641	1,419	−14	3,565	2,225	−38	1,297	1,772	1,237	860	−34

* Trade Association details are not available; an estimate has been made based on information provided by FITC. † Estimated.
Compiled by NEDO
Sources: CRA, SCRATA, LMFA, ABBF, ZADCA, FITC

WORLD STOCK MARKETS

BRAZIL

1981 High	1981 Low	Nov. 20	Price Cruz
1.90	0.76	Acesita	1.90
10.80	3.05	Banco Brasil	10.80
1.67	1.40	Banco Itau	1.55
4.89	1.30	Belgo. Min	4.30
4.61	2.80	Logas Amer	4.61
8.90	2.12	Petrobras PP	8.90
1.70	1.05	Pirelli CP	1.20
9.95	2.05	Souza Cruz	6.40
7.50	4.90	Unip PE	6.10
15.00	4.50	Vale Rio Doce	15.00

TEL AVIV

Company	Prices Nov 22 1981	Change on the week
Banking, Insurance and Finance		
Bank Leumi le Israel	1,666	+ 19
IDB Bankholding	2,369	+ 38
Bank Hapoalim Br.	2,268	+ 35
Union Bank of Israel Br.	1,565	+ 15
United Mizrahi Bank	1,210	+ 87
Hassneh Insurance Br.	770	−118
Gen. Mort. Bank Br.	1,040	− 65
"Tefahot" Israel Mort. Bank Br.	1,210	−155
Land Development		
Africa Israel Inv.	2,600	−220
Israel Land Dev. Br.	—	—
Property and Building	1,490	−245
Public Utility		
Israel Electric Corp.	3,059	− 72
Investment Companies		
Bank Leumi Invest.	799	− 71
"Clal" Israel Invest.	1,052	−128
Discount Invest.	—	—
Commercial and Industrial		
Alliance Tire & Rubber	5,325	+455
Elco Br.	735	− 35
Argaman Textile Br.	427	− 48
"Ata" Textile "B"	826	+166
Amer. Israeli Ppr. Mills	1,240	−140
Assis	1,028	+ 9
Elite	1,635	−195
Teva Reg.	1,895	—
Fuel and Oil		
Delek	825	− 73

Source: Bank Leumi le Israel BM, Tel Aviv.

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Marriott bids $139m for Host

By Ian Hargreaves in New York

MARRIOTT, the U.S. hotel group, last night bid $139m for the Host International group, which operates hotels and food services at airports. It offered $29 a share for Host in an effort to outbid the DFS Group of Hong Kong, whose $24.25 a share offer for Host had earlier been accepted in principle.

Marriott, based in Washington DC, operates in 17 countries and had turnover last year of $1.7bn and net income of $72m. It also has a large airline catering business. Host had 1980 sales of $325m and net profits of $14m. Host's earnings have suffered recently because of the drop in airline traffic.

Allied Stores downturn

By Our Financial Staff

ALLIED STORES, one of the largest U.S. department store groups, reports a sharp setback in third-quarter profits.

Net earnings for the quarter ended October are 35 per cent lower at $10m, with the downturn mirrored equally at the per-share level where earnings have tumbled to 50 cents from 77 cents.

The result effectively undermines Allied's earlier profits growth, leaving nine-month net earnings little better than all-square at $29.9m, against $28.1m.

Sales for the third quarter rose by 30 per cent to $674m to lift nine-month revenues to $1.73bn from the $1.49bn of the first nine months of 1980-81.

Norwegian companies drop U.S. alloy deal

BY FAY GJESTER IN OSLO

THE FOUR Norwegian ferro alloys manufacturers which had been planning to take over Ohio Ferro Alloys Corp of the U.S. for $34m announced at the weekend that they were withdrawing from the deal.

Mr Emil Eriksrud, managing director of Hafslund, one of the Norwegian companies involved, refused to comment, but it is believed in Oslo that the move reflects the current severe slump in world demand for ferro alloys. This has hit the earnings of all four companies involved in the bid, Hafslund, Bjolvefossen, Ila og Lilleby, and Tinfos Jernverk.

Two months ago it became known that the prospective buyers had negotiated a lower price for the takeover than originally announced—$34m instead of $44m. Even so, one of them, Tinfos, was at that stage seeking to reduce its stake in the deal from the 5 per cent originally envisaged.

The Norwegian ferro alloys industry, numbering some 14 companies, has this autumn been operating at only about 60 per cent of capacity.

Elkem, an industrial group which produces ferro alloys, recently reported a loss of Nkr 74m for the first eight months of this year, compared with a profit of Nkr 173m.

Japanese trading house lifts first-half profit

BY OUR FINANCIAL STAFF

SUMITOMO Corporation has reported sharp growth in interim net profits in contrast to the generally lacklustre performance from its fellow Japanese trading companies.

For the first half ended September 30 net profits rose 18.3 per cent to Y6.58bn ($30m) on an 11 per cent increase in sales to Y5.230bn ($23.8bn).

Mitsubishi earlier reported a 3.1 per cent rise in profits to Y11.14bn, while Mitsui suffered a 14.5 per cent fall to Y6.1bn.

Sumitomo's strength lay in exports which increased 36.5 per cent to Y1,330bn, while domestic sales rose 6.9 per cent to Y2.65bn. Imports rose 2.1 per cent to Y815bn but third country transactions fell 3.6 per cent to Y431bn.

For the full year ending March, Sumitomo forecast a 16 per cent increase in net profits to about Y13bn on an 8.7 per cent rise in sales to about Y10,500bn.

C. Itoh, the third largest trader, reported a 9 per cent growth in interim net profits to Y2.65bn on an 11.4 per cent increase in sales to Y5.820bn.

Nissho Iwai, also among the leading traders, reported a 2.5 per cent fall in interim net profits to Y2.38bn on a 5.8 per cent increase in sales to Y3.47bn.

Alfa spells out use of state aid

By William Chislett in Mexico City

THE DIRECT equity stake that the Mexican Government is taking in Grupo Industrial Alfa will be spread through 11 separate Alfa subsidiaries.

Under a major aid package, the Government is putting 12bn pesos ($480m) in Alfa, split between a loan of 7bn pesos and 5bn pesos in convertible, preferential shares.

Major beneficiaries of the new equity are Alfa's food processing and property operations. Casolar, the property subsidiary, will receive 1bn pesos of the 5bn pesos injection, and the food processor, Fud, will receive a similar amount.

The state aid follows a sharp drop in earnings at Alfa whose interim 1981 profits were almost halved at 758m pesos. The package is being handled by Banobras, the state bank. Foreign banks have a total loan exposure to Alfa of around $2.3bn.

Roche France plans cutbacks

By Our Financial Staff

HOFFMANN-LA ROCHE, the Swiss chemical group, is to reduce personnel at its French subsidiary as part of an international campaign to restructure its instrument-making operations. Personnel at Societe Roche Bio-Electronique, would be cut back to 430 from 500 during 1982.

The French offshoot is one of the last to be affected in a worldwide restructuring of Roche's instruments division.

CURRENCIES, MONEY and GOLD

The mice defy the cat

BY COLIN MILLHAM

It was almost back to square one as far as London interest rates were concerned by the end of last week, although in between times there had been sufficient activity to give plenty of food for thought. Three-month interbank money was unchanged from the previous Friday at 14⅝-14¾ per cent, and 12-month funds were only slightly easier at 14⅛-14¼ per cent.

As expected day-to-day credit was in exceptionally short supply, with delayed tax payments and official sales of gilt-edged stock presumably playing a major role in the large figures on Exchequer transactions. Maturing bills held by the authorities and the unwinding of bill repurchase agreements also contributed to the overall shortage, giving the Bank of England ample opportunity to put a steadying hand on any over-exuberance.

Monday's shortage of some £250m, was relieved to the extent of only £190m, following a fall in interest rates during the morning, and part of the help was through an overnight loan at 15¼ per cent, compared with a market level of about 14¼-14½ per cent.

Although rates then moved up, leading to a somewhat ironic situation on Wednesday of the authorities appearing to give a downward nudge to rates, by the end of the week the discount houses had the bit between their teeth again. This was not particularly noticeable in the interbank market, where the shortage of overnight money tended to support the existing rate structure, but was most evident in the rates at which the Bank of England bought bills.

On Wednesday the authorities lowered their dealing rate by 1/16 per cent, which if not a signal on interest rates, was enough to encourage the discount houses to push paper at the Bank of England at ever lower rates for the next two days. It was a situation where the authorities had to remove some very substantial daily shortages of credit at a time when the houses were reluctant to part with their bills in anticipation of lower interest rates. The game of cat and mouse continued on Friday morning, when the houses presumably offered bills at rates unacceptable to the Bank of England, and only £93m were taken in on an expected shortage of £550m.

The rate structure has not yet collapsed, but it must be only a short time before one of the big banks moves again.

THE POUND SPOT AND FORWARD

Nov 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8920-1.9100	1.8980-1.9000	0.45-0.35c pm	2.53	1.02-0.92 pm	2.04
Canada	2.2450-2.2630	2.2480-2.2500	0.20-0.30c dis	−1.53	0.60-0.80dis	−1.24
Nethlnd.	4.67-4.71	4.68½-4.69½	1⅝-1⅜c pm	3.52	4-3½ pm	3.20
Belgium	71.50-71.90	71.75-71.85	25-35c dis	−5.01	60-70 dis	−3.62
Denmark	13.77-13.83	13.80-13.82	2½-1½ore pm	1.74	2⅝-1¼ pm	0.56
Ireland	1.2020-1.2080	1.2050-1.2070	0.33-0.44p dis	−3.83	0.98-1.14dis	−3.48
W. Ger.	4.27-4.30½	4.28½-4.29½	1¾-1¼pf pm	4.19	4½-4 pm	3.96
Portugal	121.85-123.25	122.20-122.50	25-190c dis	−10.54	70-400 dis	−7.68
Spain	182.20-183.30	182.40-182.60	par-25c dis	−0.82	40-80 dis	−1.31
Italy	2,279-2,290	2,281-2,283	8¾-11¾ lire dis	−5.39	34-38 dis	−6.31
Norway	11.01-11.10	11.02-11.04	¼-2ore dis	−1.49	1 pm-½ dis	0.11
France	10.79-10.83	10.81-10.82	par-1c dis	−0.55	5¼-6¼ dis	−2.08
Sweden	10.46-10.52	10.47-10.48	2¾-1½ore pm	2.00	5¼-4¾ pm	1.91
Japan	414-422	415-416	3.00-2.70y pm	8.23	7.75-7.45 pm	7.32
Austria	29.95-30.10	29.98-30.03	17-12gro pm	5.80	37-27 pm	4.26
Switz.	3.42-3.46½	3.45½-3.46½	1¾-1¼c pm	5.21	4¼-3½ pm	4.48

Belgian rate is for convertible francs. Financial franc 80.05-80.15. Six-month forward dollar 1.25-1.15c pm, 12-month 1.50-1.30c pm.

THE DOLLAR SPOT AND FORWARD

Nov 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8920-1.9100	1.8980-1.9000	0.45-0.35c pm	2.53	1.02-0.92 pm	2.04
Ireland†	1.5745-1.5830	1.5750-1.5760	0.90-0.80c pm	6.47	2.25-2.05 pm	5.45
Canada	1.1830-1.1855	1.1839-1.1842	0.42-0.45c dis	−4.41	0.95-0.98dis	−3.26
Nethlnd.	2.4520-2.4700	2.4600-2.4650	0.30-0.25c pm	1.34	0.92-0.82 pm	1.41
Belgium	37.54-37.84	37.82-37.84	22-27c dis	−7.80	51-56 dis	−5.68
Denmark	7.2185-7.2650	7.2250-7.2350	0.10-0.35ore dis	−0.37	2.25-2.75dis	−1.38
W. Ger	2.2400-2.2630	2.2585-2.2595	0.43-0.38pf pm	2.15	1.15-1.10 pm	1.99
Portugal	64.10-64.80	64.30-64.60	30-110c dis	−13.03	70-240 dis	−9.62
Spain	95.95-96.25	96.15-96.25	25-35c dis	−3.74	65-85 dis	−3.12
Italy	1,197-1,200½	1,198-1,199	7-C lire dis	−7.51	24-26 dis	−3.34
Norway	5.7965-5.8075	5.3000-5.3050	1.60-2.00ore dis	−3.72	2.30-2.70dis	−1.72
France	5.6550-5.7025	5.6950-5.7000	1.35-1.55c dis	−3.06	5.60-6.00dis	−4.09
Sweden	5.5000-5.5110	5.5000-5.5050	par-0.15ore dis	−0.16	0.15 pm-par	0.05
Japan	218.50-220.25	218.60-218.70	1.05-0.90y pm	5.35	2.85-2.70 pm	5.08
Austria	15.72½-15.77	15.76-15.77	5½-4gro pm	3.61	11-7 pm	2.28
Switz.	1.7950-1.8230	1.8195-1.8205	0.56-0.46c pm	3.36	1.35-1.25 pm	2.86

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

GOLD

	Nov. 20		Nov. 19	
Gold Bullion (fine ounce)				
Close	$402½-403½	(£212.4-212.9)	$398-399	(£208-208½)
Opening	$401-402	(£210.5-211)	$396½-397½	(£206¼-206¾)
Morning fixing	$401	(£210.146)	$401	(£208.420)
Afternoon fixing	$401.50	(£211.038)	$401	(£209.290)
Gold Coins				
Krugerrand	$414½-415½	(£218½-219)	$410-411	(£214¼-214¾)
1/2 Krugerrand	$213½-214½	(£112½-113)	$211¼-212¼	(£110¼-110¾)
1/4 Krugerrand	$109-110	(£57½-58)	$107½-108½	(£56¼-56¾)
1/10 Krugerrand	$44½-45½	(£23½-24)	$44-45	(£23-23½)
Mapleleaf	$414½-416½	(£218½-219¾)	$409-411	(£213¾-214¾)
New Sovereigns	$98½-99	(£52-52½)	$98-98½	(£51¼-51½)
King Sovereigns	$107-108	(£56½-57½)	$105-106	(£55-56)
Victoria Sovs.	$107-108	(£56½-57½)	$105-106	(£55-56)
French 20s	$88-98	(£46½-51¾)	$88-98	(£46-51¼)
50 pesos Mexico	$497-500	(£262-263¾)	$494-497	(£258-259½)
100 Cor. Austria	$390-394	(£205¾-207¾)	$387-391	(£202-204¼)
$20 Eagles	$496-501	(£261½-264¼)	$492-497	(£257-259½)

OTHER CURRENCIES

Nov. 20	£	$		£ Note Rates
Argentina Peso	12,484-12,504†	6566-6586*	Austria	29.90-30.20
Australia Dollar	1.6610-1.6630	0.8725-0.8730	Belgium	79.75-80.75
Brazil Cruzeiro	224.40-225.40	118.37-118.96	Denmark	13.72-13.86
Finland Markka	8.315-8.331	4.3620-4.3640	France	10.75-10.90
Greek Drachma	106.020-109.266	56.60-56.80	Germany	4.26½-4.30½
Hong Kong Dollar	10.76-10.78	5.6550-5.6650	Italy	2295-2335
Iran Rial	150.00*	79.25*	Japan	419-423
Kuwait Dinar (KD)	0.533-0.539	0.2806-0.2808	Netherlands	4.66½-4.70½
Luxembourg Fr.	71.75-71.85	37.82-37.84	Norway	11.02-11.13
Malaysia Dollar	4.2550-4.2650	2.2375-2.2405	Portugal	121-130
New Zealand Dlr.	2.2865-2.2885	1.2010-1.2020	Spain	180-192¼
Saudi Arab. Riyal	6.49-6.55	3.4175-3.4205	Sweden	10.46-10.56
Singapore Dollar	3.8925-3.9025	2.0460-2.0490	Switzerland	3.41½-3.44½
Sth. African Rand	1.8370-1.8390	0.9675-0.9685	United States	1.90-1.92
U.A.E. Dirham	6.97-7.03	3.6715-3.6735	Yugoslavia	85-91

†Rate given for Argentina is the commercial rate. The financial rate for sterling is 24,537-24,577 and for the dollar 12,900-12,950. *Selling rate.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Nov. 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	16-16¼	12¼-12½	18-19	11¼-11½	5-5½	10⅛-10⅝	15¼-15⅝	18-20	18-21	6⅛-6⅝
7 days' notice	15¾-16	12⅜-12⅝	18-19	11¼-11½	18½-19	10⅛-10⅝	15¼-15⅝	18-20	17-20	6½-6¾
Month	15⅛-15¼	12¼-12⅜	16⅝-17	11¼-11⅜	9⅛-9⅜	10⅜-10⅝	15½-15¾	19¾-20¾	18-19½	6⅞-7⅛
Three months	14⅝-14⅞	12⅛-12⅜	15⅞-16¼	11⅛-11⅜	9¾-9⅞	10⅜-10⅝	16¾-17	20½-21¼	17¾-18½	7⅛-7⅜
Six months	14⅛-14½	12¾-13	15½-15⅞	11⅛-11⅜	9⅛-9⅜	10⅛-10¼	17⅝-17⅞	21⅜-22⅛	17½-18	7¼-7½
One Year	14⅛-14¼	13½-13⅝	15⅝-16	11⅛-11⅜	8⅝-8¾	9⅞-9⅞	18¼-18½	21⅝-22⅝	16-16½	7¼-7½

SDR linked deposits: one month 11⅞-12⅛ per cent; three months 12⅝-12⅞ per cent; six months 12⅝-12⅞ per cent; one year 12⅝-12⅞ per cent.

ECU linked deposits: one month 13⅞-14⅛ per cent; three months 14-14⅜ per cent; six months 14⅜-14⅞ per cent; one year 14-14⅜ per cent.

Asian $ (closing rates in Singapore): one month 12½-12⅝ per cent; three months 12⅝-12¾ per cent; six months 12⅞-12⅞ per cent; one year 13⅛-13¼ per cent. Long-term Eurodollar two years 14⅜-14⅝ per cent; three years 14⅜-14⅝ per cent; four years 14½-14¾ per cent; five years 14⅝-14⅞ per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one month 12.05-12.15 per cent; three months 12.10-12.20 per cent; six months 12.25-12.35 per cent; one year 12.70-12.80.

FT LONDON INTERBANK FIXING (11.00 a.m. NOVEMBER 20)

3 months U.S. dollars		6 months U.S. dollars	
bid 12 5/4	offer 12 7/8	bid 13	offer 13 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Nov. 20 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14-18½	16-16½	—	—	15¾-16½	12-15	—	—	—
2 days notice	—	—	15½-15¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¼-16¾	15⅝-15¾	—	—	16½	14½-15	—	—	—
One month	15⅛-15⅛	15⅛-15⅜	15¼	15½-15¼	15¼	15⅝	14⅝-14⅛	14½	14⅜-14⅜	15½
Two months	15-14⅞	15-15¼	—	15⅝-15	15⅛	15⅛	14	14¼	14⅛-14⅛	15⅛
Three months	14⅝-14½	14¾-14⅞	14⅞	15⅛-14¾	14⅞	15⅛	13¾	13⅞	13⅞-13⅞	14⅞
Six months	14⅛-14⅛	14⅛-14½	14⅛	14⅛-13¾	14⅜	—	—	—	13⅞-13⅞	13¾
Nine months	14⅛-14	14⅛-14⅛	—	14½-14⅛	14¼	—	—	—	—	—
One year	14⅛-13⅞	14⅛-14⅛	14⅜	14⅝-14⅛	14¼	—	—	—	—	—
Two years	—	—	14⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14⅞ per cent; four years 15 per cent; five years 15 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞-13⅞ per cent; four months trade bills 14⅞ per cent.

Approximate selling rate for one month Treasury bills 14⅜ per cent; two months 14⅛ per cent; three months 13⅞ per cent. Approximate selling rate for one month bank bills 14½ per cent; two months 14⅜-14⅞ per cent; and three months 13¾-13⅞ per cent; one month trade bills 15⅜ per cent; two months 14⅞ per cent; three months 14⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from November 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 13 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rate of discount 13.8031 per cent.

CURRENCY RATES

Nov. 20	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.611462	0.571734
U.S. $	13	1.16667	1.09030
Canadian $	15.40	1.38204	1.29146
Austria Sch.	6¾	18.3529	17.1831
Belgian F.	15	43.8435	41.0060
Danish Kr.	11	8.43736	7.89211
D mark	7½	2.61884	2.44990
Guilder	9	2.86476	2.67995
French Fr.	9½	6.61210	6.18525
Lira	19	1397.96	1306.45
Yen	5¼	257.601	238.993
Norwgn. Kr.	9	6.77602	6.32426
Spanish Pta.	8	111.965	104.614
Swedish Kr.	11	6.42369	6.00590
Swiss Fr.	6	Unavail'ble	1.96362
Greek Dr'ch.	20½	—	61.9942

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
§70	F.P.	30/11	73	68	✠Acsis Jewellery	69	+1	u3.7	2.0	7.7	(7.5)
—	F.P.	4/12	850	775	✠Asprey	775	...	s5.0	3.3	6.5	5.6
168	F.P.	8/1	205	191	Cable & Wireless 50p	193	...	b6.3	2.0	4.7	15.3
35	F.P.	—	35	33	✠City Site	34	...	b0.5	1.2	2.1	56.4
140	F.P.	—	187	174	Exco 10p	178	...	b4.5	2.2	3.6	16.1
§90	F.P.	4/12	105	95	✠Feedback 10p	95	...	b2.0	3.0	3.0	15.9
§50	F.P.	9/12	50	42	✠Gr'nw'h Cable & Cm.	42	...	—	—	—	—
§10½	F.P.	2/12	17	14	✠Humberside El. 10p	17	...	—	—	—	—
65	F.P.	2/12	76	69	✠Johnstones P'int 10p	75	...	b3.53	2.5	6.7	7.8
67	F.P.	18/12	69	68	✠Sheldon Jones	69	...	u3.5	2.4	7.3	7.8
—	F.P.	—	35	32	✠Television South 10p	32	...	—	—	—	—
62	F.P.	4/12	64	60	✠V.W.	61	...	bd3.64	2.5	9.0	5.7
—	F.P.	—	4½	4½	Viners 1p	4½	...	—	—	—	—

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −
275	125p	13/7 3/12	182	104	BP	166	+4
20	F.P.	13/11 11/12	25	20½	Brown & Jackson	24	.....
122	F.P.	23/10 27/11	199	182	Foseco Minsep	199	+4
90	F.P.	21/10 26/11	109	90½	Heelamnt	108	+5
14	Nil	27/11 6/1	6pm	4pm	Lancaster (D.M.)	6pm	.....
126	Nil	2/12 15/1	17pm	9pm	Northern Foods	10pm	+1
50cts	Nil	—	117pm	109pm	T N T	110pm	+1
20	F.P.	13/11 15/12	42	25	Websters	42	.....

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
¶	F.P.	26/10	83½p	81p	Asprey 9⅞% Cum. Prf.	83½p	...
**	F.P.	7/12	100½	97	Austin (F.) (Leyton) 11½% Ptly Cnv. Red 1994	98	...
100	£10	10/12	64	62	Brooke Bond Leibig 8% Deb. '87-92	62	...
**	F.P.	—	38p	38p	Cater Ryder 4.2 2nd. Cum. Prf.	38p	...
§33p	F.P.	—	33p	33p	City Site Ests. 10% Cnv. Cum. Red. Prf.	32p	...
**	F.P.	10/12	12½	12	E. Worcs Waterworks 10½% Rd. Prf. '86	12½	...
§100	F.P.	—	99¾	93	Hawley Group 12½% Cum. Pref.	94	...
51p	F.P.	—	53p	52p	Inchcape 6.3% Cum. Red. Prf. 1990-2	53p	...
§100	F.P.	—	100¼	100	Nat'wide Bdg. Society 15⅛% Bds 21.11.82	100¼	−⅛
97.39	£25	—	28¼	22½	Nova Scotia (Province of) 6½% Ln 201..	28¼	...
‖£1	F.P.	13/11	102½	100½	Staffs. Pots. 10% Cnv. Cum. Prf.	101	−½
—	—	—	3½p	½p	Sterling Credit Warrants	2½p	...
‡	F.P.	—	88	86	✠Television South Loan '86-88	87	−1
100	£10	10/12	12¾	12	Tendring H'dred Water 10½% Rd. Prf. '88	12½	...
—	F.P.	—	135	115	Viners 10% Cnv. Loan 1988	115	−½

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. m Interim since increased or resumed. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✠ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued as a unit comprising 33 Ordinary and £5 Loan 1986-88.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

L & C Unit Trust Management Ltd.,
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	162.5	167.4	.....	8.96
L&C Intl & Gen Fd	135.6	139.8	.....	1.58

Legal & General (Unit Tst. Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	91.8	99.2	+0.8	4.54
Equity Acc.	129.6	139.0	+1.1	4.54
Gilt	110.1	115.5	+1.1	8.26

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114.

Leo Distribution	121.7	129.2	.....	6.42
Leo Accum.	144.5	155.3	.....	0.42

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	71.4	76.7	+0.3	4.95
Do. (Accum.)	111.9	120.3	+0.5	4.93
Energy Int.	44.9	46.2	+0.5	2.05
Do. (Accum.)	46.5	48.9	+0.5	2.05
Extra Income	57.8	62.1	+0.4	9.73
Do. (Accum.)	82.3	88.4	+0.5	9.73
Income	[illegible]	99.3	+1.0	7.46
Do. (Accum.)	151.9	163.0	+1.6	7.46
Int. Technology	[illegible]	64.4	+0.2	0.59
Do. (Accum.)	[illegible]	[illegible]	+0.2	0.59
N. American & Gen.	[illegible]	[illegible]	+0.4	1.31
Do. (Accum.)	[illegible]	54.1	+0.4	1.31
Pacific Basin	47.2	50.7	+0.7	1.00
Do. (Accum.)	47.2	50.7	+0.7	1.00
Small Cos. & Recy.	[illegible]	59.0	+0.2	2.93
Do. (Accum.)	57.6	61.9	+0.2	2.94
Worldwide Gwth.	85.2	91.6	+0.6	2.25
Do. (Accum.)	113.8	122.3	+0.8	2.23
Exempt Nov 3	104.9	110.4	.....	8.26

@Unauthorised. For tax exempt funds only.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fund	94.4	101.5	.....	4.08
Income Fund	66.4	71.5	.....	10.51

Prices on Nov. 13. Next dealing day Nov. 30.

For Saturn Fund Mngt. see SIMCO

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds

Capital	47.5	51.0	+0.3	2.73
I.T.U.	33.5	36.0	+0.1	4.32
Select International	323.2	339.7	+0.5	1.73
Univ. Growth	92.7	95.3	-0.5	0.74

Increasing Income Funds

High-Yield	53.2	57.2	+0.5	8.68
Select Income	56.0	60.2	+0.4	7.04

High Income Funds

Gilt & Fxd. Int. Inc.	45.6	48.3	.....	12.97
High Return	[illegible]	66.4	+0.6	8.94
Income	40.3	43.3	+0.2	10.95

U.K. Funds

Gilt & Fxd. Int. Grth.	51.0	51.6	.....	5.61
UK Equity	60.1	64.6	+0.5	4.29

Overseas Funds (z)

Europe	78.7	84.6	.....	1.46
Japan	131.2	141.0	+0.3	0.10
S.E. Asia	82.7	88.4	-0.5	0.49
U.S.	117.3	126.1	+1.3	0.74

Sector Funds

Commodity	128.3	137.9	+0.4	3.34
Energy	136.1	146.3	+1.5	1.32
Exploration Fund (z)	38.6	47.8	+0.6	0.25
Financial Secs.	105.0	112.9	+0.4	2.61
New Technology (z)	47.1	50.6	+0.3	0.25

Fixed-Interest Fund (z)

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1Ja	1J	Agric. Mt. 5pc '59-89	61	1.6	8.36	13.72
1M	1S	Met. Wtr. 3pc 'B'	25¾	3.8	11.50	13.05
30J	31D	U.S.M.C. 9pc 1982	100	30.6	9.42	—
30J	31D	Do. without Warnts.	96½	30.6	9.70	—

Financial

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
20J	20D	FFI 14pc '83	97½	21.9	14.35	15.41
31M	30S	FFI UK Fn 5½pcDb. '80-2	94	28.9	5.91	14.59
31M	30N	Do. 6¾pcDb. '81-84	80	31.5	7.21	14.72
11Ja	11J	Do. 10¼pc Uns.Ln. '86	88½	15.6	12.42	15.70
11Ja	11J	Do. 11pc Uns.Ln. '88	84½	15.6	13.69	15.30
11Ja	11J	Do. 11¾pc Uns.Ln. '90	85	15.6	14.61	16.23
14Mr.	14S	Do. 12¾pc Un. Ln. 1992	85	28.8	15.03	15.80
30J	31D	Do. 7¼pcADeb. '89-92	56½	18.5	12.75	15.46
31M	30S	Do. 7¾pcADeb. '91-94	55½	28.8	13.35	15.58
31M	30S	Do. 9pc 'A' '91-94	65½	28.8	14.06	15.55
28F	31A	Do. 8⅞pcLn. '92-97	60½	24.7	14.97	16.19

Building Societies

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
—	N'wide 14¾pc 30.11.82	100	—	14.75	—
—	Do. 14¾pc Bds 25.8.82	100	—	14.75	—
—	Do. 15¼pc Bds. 29.9.82	100	—	15.37	—
—	Do. 16¼pc Bds. 27.10.82	101	—	16.09	—

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

CANADIANS—Continued

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Contd.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

صلة من الأصل

[INDU]STRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Acmex 50c	45	—	Q2.5c	—	3.5
—	ACM 20c	20	—	—	—	—
—	Argosy Gold NL 25c	9	—	—	—	—
—	Bond Corp.	145	—	Q10c	2.3	4.3
Nov. Apr.	Bougainville 1 Kina	65	7.3	‡Q25.4c	1.8	‡
—	CRA 50c	165	16.3	Q19c	1.7	7.0
—	Canada Northwest	9	—	—	—	—
—	Carr Boyd 20c	13	—	—	—	—
—	Central Pacific	58	—	—	—	—
—	Cons. Gold Min. NL 25c	4	—	—	—	—
—	Cultus Pacific N.L.	14	—	—	—	—
—	Eagle Corp. 10c	23	—	—	—	—
—	Endeavour 20c	20	—	—	—	—
June	G. M. Kalgoorlie 25c	350	579	Q32½c	0.9	5.7
—	Great Eastern	7	—	—	—	—
—	Greenbushes Tin 50c	65	—	Q6c	1.9	5.6
Sept. Feb.	Hampton Areas 10p	142	29.6	2.5	3.1	2.5

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	Colby Res. Corp.	135	—	—	—	—
Aug. Feb.	Cons. Murch. 10c.	240	30.6	‡030c	1.8	7.2
—	††Explaura Gold	6	—	—	—	—
—	††Hemerdon 10c.	58	—	—	—	—
—	Highwood Res.	80	—	—	—	—
—	Northgate C$1	290	977	—	—	—
Jan. July	R.T.Z.	452xd	9.11	16.0	2.3	5.1
—	Do.9½%Cv.Ln.'95-2000	£101	18.5	Q9½%	—	f9.8
—	††SPO Minerals 10p	25	—	—	—	—
—	Sabina Inds. C$1	22	—	—	—	—
—	♦Southwest C. 10p	29	—	—	—	—
—	Tara Exptn. $1	555	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ♦ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ΔΔ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	48	......	Conv. 9% '80/82	£95⅝	+⅛
Bertrams	15	......	Nat. 9¾% 84/89	£70¼	......
Bdg'wtr. Est. 50p	495	......	Fin. 13% 97/02	£75¼	......
Craig & Rose £1	£[illegible]	......	Alliance Gas	79½	......
Finlay Pkg. 5p	28	......	Arnott	222	......
Graig Ship. £1	£22xd	......	Carroll (P.J.)	80	......
Higsons Brew.	70	......	Concrete Prods.	90	......
Holt (Jos) 25p	515	+5	Heiton (Hldgs.)	25	......
I.O.M. Stm. £1	159	......	Irish Ropes	38	......
Pearce (C. H.)	308	......	Jacob	63	......
Peel Hldgs.	125	......	T.M.G.	19	......
Sheff. Refrsmt	80	......	Unidare	56	......
Sindall (Wm.)	190	......			

OPTIONS

3-month Call Rates

Industrials					
A. Brew.	6½	House of Fraser	13	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	18	Vickers	15
B.S.R.	7½	"Imps"	5	Woolworths	4½
Babcock	9	I.C.L.	5		
Barclays Bank	36	Ladbroke	13	Property	
Beecham	17	Legal & Gen.	20	Brit. Land	7
Blue Circle	38	Lex Service	9	Cap. Counties	10
Boots	18	Lloyds Bank	28	Land Secs.	30
Bowaters	19	"Lots"	3½	MEPC	20
Brit. Aerospace	17	London Brick	6½	Peachey	15
B.A.T.	29	Lucas Inds.	18	Samuel Props.	13
Brown (J.)	8	"Mams"	11	Town & City	2¼
Burton Ord.	12	Mrks. & Spncr.	10		
Cadburys	9	Midland Bank	26	Oils	
Courtaulds	5½	N.E.I.	7	Brit. Petroleum	28
Debenhams	7	Nat. West. Bank	30	Burmah Oil	11
Distillers	16	P & O Dfd.	9	Charterhall	6
Dunlop	6½	Plessey	26	KCA	12
Eagle Star	25	Racal Elect.	34	Premier	7
F.N.F.C.	4	R.H.M.	5	Shell	28
Gen. Accident	30	Rank Org. Ord.	14	Tricentrol	25
Gen. Electric	55	Reed Intnl.	23	Ultramar	40
Glaxo	32	Sears	5		
Grand Met.	25	Tesco	5	Mines	
G.U.S. 'A'	36	Thorn EMI	30	Charter Cons.	21
Guardian	30	Trust Houses	11	Cons. Gold	40
G.K.N.	12	Tube Invest.	12	Lonrho	7
Hawker Sidd	25	Turner & Newall	7½	Rio T. Zinc	45
		Unilever	50		

"Recent Issues" and "Rights" Page 24

FINANCIAL TIMES

Monday November 23 1981

Cool reception for Paisley plan

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE BRITISH and Irish Governments are optimistic that the Rev Ian Paisley's "day of action" in Northern Ireland today will undermine rather than boost his claims to lead the majority of Ulster Protestants.

Both sides yesterday reacted coolly to his call on the Weekend World television programme for immediate action to set up a convention whose proposals for a Northern Ireland Assembly would be put to a referendum in Ulster. He said the result should form the basis for devolved government.

He did not specify whether he meant majority rule or a form of power sharing, but said Unionist politicians from all sections of the Protestant community would meet in Londonderry next Saturday to consider this more closely.

Mr Paisley has been floating for some time the idea of rule by a "weighted majority" in UK government circles. It would allow some say for Northern Ireland's Catholic minority in devolved government.

The British Government appears unimpressed by his stance, which is seen as an attempt to rally the support of the more moderate Unionists who so far have not supported his day of action.

Mr Paisley's indication that he wished to seek a political solution involving the province's Catholic leaders was seen as a step in the right direction. But the Government is unlikely to show much interest until Mr Paisley moves much further towards accepting that the Catholic minority should have a substantial role in the government of Ulster.

The Government is determined to press on with its own plans for a political initiative and to continue its contacts with the Dublin Government, regardless of Mr Paisley.

The hope in London is that the day of action will be poorly supported, undermining Mr Paisley's claims to speak for all Ulster Protestants, and reinforcing the position of other Protestant leaders such as Mr James Molyneaux and Mr Harold McCusker of the Official Unionist Party, who are considered less intractable.

The Government in Dublin is encouraged by the results of a National Opinion Poll survey taken before the murder last weekend of the Rev Robert Bradford but leaked this weekend. It suggested 71 per cent of Ulster Protestants would support a fresh attempt at power sharing.

Our Belfast Correspondent writes: Thousands of police and troops have moved into positions to deal with any disturbance which might arise from today's protests by Loyalists.

Mr James Prior, Northern Ireland Secretary, remained in the province over the weekend and will be kept informed about the response to the day of action.

Although many Protestants are likely to join the half-day strike and attend demonstrations in several dozen different centres, Mr Paisley was not expected to get the all-out response he had been seeking.

Arrangements for today's protests reveal a continuing lack of cohesion between the various Unionist groups in spite of Mr Paisley's weekend pronouncements about the formation of a united front.

Bonn demos greet arrival of Brezhnev

By Jonathan Carr in Bonn

MR LEONID BREZHNEV, the Soviet President, arrived in Bonn last night for talks with Chancellor Helmut Schmidt which will centre on ways to achieve East-West nuclear disarmament.

Mr Brezhnev, accompanied by Mr Andrei Gromyko, Foreign Minister, and other members of the Moscow leadership, was whisked away by car to Schloss Gymnich, near Cologne, where he is staying during the three-day visit.

Simultaneously, tens of thousands of people took part in separate, peaceful demonstrations in Bonn, demanding an end to the arms race and the withdrawal of Soviet forces from Afghanistan.

Police and organisers put the size of the biggest gathering, supported in particular by the opposition Christian Democrat Party, at close to 40,000. Speakers stressed they did not oppose Mr Brezhnev coming to talk, but Moscow's arms build-up and its political and military expansion in the Third World could not be ignored.

A demonstration organised mainly by the ecologists' party The Greens drew close to 10,000.

The total involved was thus well below the 250,000 who turned out a month ago in a "peace march" during which U.S. policy came under fire.

The talks between the Soviet and West German leaders are seen as vital as they come one week before super power negotiations in Geneva on intermediate-range nuclear strike forces in Europe.

President Ronald Reagan has made it clear he sees the aim of these negotiations as a trade-off between Soviet missiles such as the SS-20, and U.S. missiles which have yet to be deployed, but which will be placed in Europe, from the start of 1984 if no accord is reached with Moscow.

The Soviet Union insists that U.S. "forward-based systems"—including nuclear bombers already stationed in and around Europe—must be counted into the deal together with French and British atomic services.

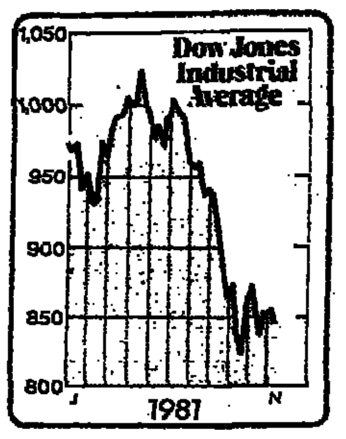
Herr Schmidt has stressed that he cannot act as a mediator between the super powers.

Mr Nicolae Ceausescu, the Romanian President, breaking ranks with his Warsaw Pact allies, has said President Reagan's proposals for a mutual ban on European-based medium-range missiles deserved to be considered and analysed.

THE LEX COLUMN

U.S. equities in the recession

The New York bond market has had little to celebrate for the past 18 months and it made the most of last week's festivities. Corporate treasurers, who have long been waiting for an opportunity to replace rising overdrafts with long-term debt, rushed to lock into the rallying market and pep up their balance sheets. Retail investors were ready to forget the false alarms of 1980 and to ignore the spoilsports forecasting a reversal in rates within the next six months.



It was a different story in the equity market, where signs of a deepening recession held the Dow Jones Industrial Average around or below the 850 level throughout the week. The average has recovered by only 3 per cent since the dark days of late September.

Wall Street is evidently not expecting the bond market rally to trigger a turn in equity prices. The Federal Reserve may be pressing gently on the accelerator as the debt market seems to believe. But it is doing so in the face of an economy which according to the latest official forecast will show a real decline of 5 per cent annualised in the current quarter.

The financial relief of falling interest rates—Federal Funds have dropped over 2 points to around 12½ during the past fortnight—has been rapidly outweighed by the sharp downturn in economic activity. Last week's news that housing starts fell in October to their lowest level for 15 years only amplified the bearish sentiment in the equity market.

The yield gap between equities and long-term corporate debt has not narrowed enough to make the total return on shares look attractive. The gap has been trimmed by almost 3 percentage points since last September's bond market trough but long bonds for triple A utilities are still yielding around 15 per cent against a yield on the Standard and Poors Industrial Index of 5½ per cent.

There is the prospect that a business recession lasting into the middle of 1982 could force dividend cuts in for example the motor industry. At best shareholders can expect average dividends to decline in real terms for the third successive year.

Stock market analysts are revising their earnings estimates for this year and next. Sensitive sectors such as office equipment are receiving the most severe treatment. One leading broker-age firm has just cut its 1982 per share estimate for NCR from $10.35 to $8.00.

According to several economists, the equity research departments are still pitching their forecasts on the high side. Certainly the market greatly underestimated the downturn in third quarter earnings. The most dramatic example was General Motors which dropped $1⅛ to $39⅞ after announcing a third quarter loss of $468m. These unexpected tidings helped to leave the Dow more than 10 points down on the day.

The economics department of Goldman Sachs is forecasting that corporate earnings will be down 10.5 per cent in the final quarter of this year and 14.3 per cent in the first three months of next. The figures are slightly distorted by an acceleration in depreciation allowances but still present a more gloomy picture than the equity market has perhaps discounted. It may be some time before Wall Street is clear enough about the depth and duration of the recession to start discounting the upturn.

Capital gearing

At this point in past business cycles, the state of company finances has been a cause for concern. In 1974 the British Government was forced to react with everything from lifeboats to imaginative stock relief measures.

In the current recession the UK company sector as a whole has been much more resilient in this respect, putting individual cases to one side. Due mainly to destocking, the external financing requirement has been contained. At the same time reported balance sheet gearing seems to have remained under control.

Phillips and Drew's latest analysis of the annual ac[counts] of major companies—rep[resent]ing 80 per cent of the market—confirms this i[m]... Net debt in the b[alance] sheets for 1980 is unch[anged] from the 1979 level, at ... cent of capital employed, compares with 26 per cent two peak years of 1971 and and there is no sign of deterioration this year.

In the first half of 19[81] net borrowing requireme[nt] industrial and commercial panies has actually been tive to the tune of £1.7bn, rare occurrence is to some a freakish outcome of the servants' dispute. Making allowance for this, it is that the deficit is running annual rate of only £2.4[bn] half the level of last year.

At the same time profi[ts] beginning to recover an[d] amount of money raised th[rough] rights issues has picked sharply.

The low level overall of gate balance sheet geari[ng] partly illusory. In recent some of the more highly g[eared] manufacturing companies dropped out, to be replac[ed] buoyant retail and distri[bution] companies which traditi[onally] operate with lower leve[ls of] debt. At the same time has been an increasing of revaluing assets.

More to the point, comp[anies] have been faced with interest rates, in recent m[onths] well above the level of infl[ation]. In these circumstances th[e] and falling return on c[apital] employed has acted as a inducement to reduce This same factor suggests some of the uprating of values may be unrealistic.

Lucas

The Lucas report accounts confirm the impre[ssion] of an undercapitalised g[roup] given by the preliminary fi[gures]. Stripping out from r[evaluation] year's property revaluation the impact of the less con[ventional] tive depreciation policy, debt—which rose by more £70m in 1980-81—stands per cent of shareholders' f[unds]. The debt profile is short. £82m of borrowing on over or repayable within one y[ear].

Lucas is going to want equity when there is an up[turn] to be financed. A rights would provide an opportuni[ty] dilute the holdings of group's own pension fu[nd] which at 13 per cent are enough to pose potential flicts of interest.

More public investment 'could bring ½m jobs'

By Anatole Kaletsky

INCREASES in public sector capital investment over the next four years could create up to 550,000 jobs and raise output by 4 per cent while adding only 1.5 percentage points to the inflation rate.

This is one of the main findings of a series of simulations carried out on the Treasury's economic model by the Economist Intelligence Unit in a study commissioned by the Federation of Civil Engineering Contractors.

The unit says financing public investment increases by cuts in current spending would improve the medium-term prospects for inflation and reduce the level of public borrowing. But it would only slightly improve aggregate economic activity and employment by 1985.

The study suggests that even if public investment is increased cumulatively by £2bn each year, bringing a total rise of £20.5bn by 1985, the adverse effects on inflation and public borrowing will be modest.

If the extra capital spending were financed by expanding the money supply, the annual inflation rate would be 11.3 per cent and the Public Sector borrowing requirement £3.5bn by 1985.

This compares with a "base" projection of 8.8 per cent for inflation and £0.2bn if current policies are continued.

The higher capital spending would raise GDP 3.8 per cent and manufacturing output 5.1 per cent relative to base levels, and create 550,000 jobs.

Funding the extra investment through gilt sales would enable the Government to meet its monetary targets, but would reduce the expansionary effects without significantly improving the medium-term inflation prospects. The PSBR would be £9.4bn in 1985 under this option.

The option favoured by the federation would be to cut current spending at the same rate as capital expenditure is increasing.

If compensatory cuts were made across the board, unemployment would rise by 183,000 in 1983, since public current spending is more labour intensive than capital spending.

But by 1985 GDP would be 0.5 per cent higher than on the basis of present policies, manufacturing output 2.5 per cent higher, and the inflation rate would be 9.2 per cent.

Williams set to capture Crosby as campaign enters last stage

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE CROSBY by-election campaign enters its final week today with most independent evidence suggesting that Mrs Shirley Williams will capture the seat from the Conservatives on Thursday and become the first MP at Westminster elected for the Social Democratic Party.

Two opinion polls have shown Mrs Williams with a 10-point lead over the Tories. SDP canvassing returns indicate that she is comfortably ahead, although not by quite so much.

The Conservatives, defending a majority of more than 19,000, claim that they are still ahead.

Labour said last night that as a result of its week-end efforts the position was improving, and it was neck-and-neck with the Tories, the SDP trailing third.

Both the SDP and Labour are doing all they can to establish themselves as the only party with a real chance of beating the Tories.

If anything the SDP has been too successful in getting this message across. There was some anxiety yesterday that the headlines suggesting that Mrs Williams was home and dry would make it more difficult for them to persuade all their supporters to go to the polls on Thursday.

SDP organisers said the votes of the "don't-knows" could still prove decisive.

Neither of the opinion polls in the past few days included the proportion of undecided voters.

The SDP canvassing returns suggest that at least 20 per cent of the electorate still had not decided definitely how to vote. All three parties swamped the constituency at the weekend with canvassers to woo the "don't-knows."

The Conservatives have found fighting Mrs. Williams difficult. At a public meeting on Saturday night attended by the candidates of all the main parties she again wrong-footed Mr John Butcher, the Tory candidate, whose confidence has been visibly crumbling in the past to days.

The Tories, defending what has been traditionally a rock-solid seat, have put far more effort into fighting Crosby than into Croydon North-West.

Foot may pick unilateralist

BY PETER RIDDELL, POLITICAL EDITOR

MR MICHAEL FOOT, the Labour leader, is expected to complete today the delicate task of allocating Shadow Cabinet portfolios after Thursday's elections.

Many Labour MPs believe the defence spokesman will for the first time be a supporter of unilateral nuclear disarmament.

The most frequently mentioned candidates are Mr Stan Orme, Shadow Industry Secretary, Mr Albert Booth, shadowing transport, and Mr Neil Kinnock, education spokesman.

While Mr Brynmor John, the present defence spokesman, was elected to the Shadow Cabinet last Thursday, some left-of-centre MPs see his prominent support for multilateral disarmament as incompatible with the vote for unilateralism by the party conference.

The defence post has far more significance than in the past in view of the growing influence of the peace movement this year and Mr Foot's personal commitment to making disarmament a central plank of the Labour platform.

Several of the centre and moderate party leaders elected to the Shadow Cabinet, such as Mr Denis Healey and Mr Peter Shore, oppose unilateralism.

But they believe a compromise can be reached on the basis of the contradictory votes of the party conference, encompassing unilateralism, multilateralism and opposition to withdrawal from Nato.

Some of the multilateralist group hope the sting will be taken out of this controversy by President Ronald Reagan's disarmament initiative last week.

Other parties were quick over the weekend to criticise Labour on the issue. Dr David Owen, for the Social Democrats, said Mr Foot's support for the U.S. zero option exposed "his unilateral posturing over the last two years as sheer humbug."

Mr Douglas Hurd, Minister of State at the Foreign Office, said the peace movement should apply its powers of persuasion to the Soviet Union. Mr Alan Beith for the Liberals made the same point.

Mr Foot will also have to deal with any vacancies caused by the defence appointment, and give jobs to newcomers to the Shadow Cabinet (now enlarged from 12 to 15) such as Mr Eric Heffer and Mr Peter Archer.

A new agriculture spokesman will have to be found, as Mr Roy Mason has stood down from the Shadow Cabinet.

The main posts of Shadow Foreign Secretary (Mr Healey), Shadow Chancellor (Mr Shore) and Shadow Leader of the Commons (Mr John Silkin) are not expected to be changed.

Labour moderates will this week be watching Wednesday's meeting of the national executive committee closely to see whether an inquiry is established into the activities of the far left Militant Tendency. Such an inquiry is favoured by Mr Healey and his supporters, though Mr Foot has so far been reluctant.

Crucial pay talks begin this week

BY IVO DAWNAY, LABOUR STAFF

PAY TALKS begin this week that could set the trend for settlements in the public and private sectors over the winter.

Shop stewards representing oil tanker drivers at Esso and Texaco meet their managements this afternoon in an attempt to break the deadlock over the companies' 8.1 per cent offer. They will report back to senior shop stewards on Thursday and Friday.

Tanker drivers and depotmen are seeking an 11 per cent rise in line with the Mobil deal in May. No strike action is likely to be taken without shop-floor ballots.

Talks between unions officials and Shell management broke down after six hours at the Advisory, Conciliation and Arbitration Service (Acas) on Saturday.

Mr Jack Ashwell, road transport secretary of the Transport and General Workers' Union, warned last night that strike action looked almost inevitable after Shell's refusal to increase its 8.1 per cent offer.

Chevron is to meet union officials at Acas on Wednesday over the strike by 80 drivers, who rejected an 8.1 per cent offer in balloting last week.

Talks at Ford open today amid growing optimism that the company will compromise over implementing plans for improved working practices. Ford originally warned that additional payments would be made only after monitoring on a plant-by-plant basis. Unions are demanding a substantial increase in a 4.5 per cent offer to avert strike action threatened from Wednesday.

In the public sector, officials of the Iron and Steel Trades Confederation will meet the British Steel Corporation today to discuss plans to make next year's pay increases dependent on local agreements to shed another 19,000 jobs.

Miners' leaders resume talks with the National Coal Board on Wednesday after rejecting a 9 per cent offer.

Weather

UK TODAY

WINDY and cloudy with rain.

London, S., S.E., S.W. England, Channel Islands.
Cloudy, rain later. Max. 13C. (55F.).

N., E. England, Midlands, S. Wales.
Cloudy, rain clearing later. Max. 12C. (54F.).

N. Wales, N.E., N.W. England, Isle of Man, Lake District, Borders, Edinburgh and Dundee, S.W. Scotland, N. Ireland.
Outbreaks of rain, becoming brighter and colder. Max. 10C. (50F.).

Aberdeen, Highlands, Moray Firth, N.E., N.W. Scotland, Argyll, Orkney, Shetland.
Sunny intervals and wintry showers. Max. 5C. (41F).

Outlook: Wintry showers, generally cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	17	63	Locarno	S	10	50
Amsdm.	C	12	54	London	C	14	57
Athens	S	17	63	L. Ang.†	F	13	55
Barclna.	S	17	63	Luxmbg.	Fg	9	48
Beirut	S	17	63	Luxor	S	23	73
Belfast	S	12	54	Madrid	F	16	61
Belgrd.	C	11	52	Majorca	F	19	66
Berlin	R	12	54	Malaga	S	21	70
Biarritz	F	15	59	Malta	F	18	64
Bmghm.	F	13	55	M'chstr	C	13	55
Blackpl.	C	11	52	Melbne.	S	28	82
Bordx.	S	11	52	Miami†	F	13	55
Boulgn.	C	12	54	Milan	F	5	41
Bristol	F	13	55	Montrl.†	C	0	32
Brussels	C	13	55	Moscow	R	1	34
Budpst.	F	15	59	Munich	F	15	59
Cairo	C	20	68	Nairobi	C	25	77
Cardiff	C	12	54	Naples	S	14	57
Cas'b'ca	F	22	72	Nwcstl.	F	14	57
Cape T.	C	18	64	N York†	F	4	39
Chicg.†	F	−8	18	Nice	C	13	55
Cologne	C	14	57	Nicosia	S	18	64
Cpnhgn.	R	7	45	Oporto	F	18	64
Corfu	S	18	64	Oslo	C	0	32
Denver†	F	3	37	Paris	C	12	54
Dublin	C	13	55	Perth	F	12	54
Dbrvnk.	S	15	59	Prague	F	13	55
Ednbgh.	F	14	57	Rykjvk.	S	−6	21
Faro	F	20	68	Rhodes	S	16	61
Florence	F	13	55	Rome	F	16	61
Frankft.	C	13	55	Salzbrg.	S	15	59
Funchal	S	21	70	S'cisco†	R	14	57
Geneva	F	11	52	Stckhm.	S	2	36
Gibrltr.	C	18	64	Strasbg.	S	17	63
Gl'sg'w	C	12	54	Sydney	C	20	68
G'rnsey	C	12	54	Tangier	F	21	70
Helsinki	C	0	32	Tel Aviv	S	19	66
H. Kong	F	21	70	Tenerife	F	27	81
Innsbrk	S	10	50	Tokyo	S	12	54
Invrnss.	F	13	55	T'r'nto†	C	−2	28
I.o.Man	C	12	54	Tunis	S	18	64
Istanbul	S	12	54	Valencia	F	19	66
Jersey	C	12	54	Venice	S	6	43
Jo'burg	F	23	73	Vienna	C	14	57
L. Plms.	F	25	77	Warsaw	R	5	41
Lisbon	F	16	61	Zurich	F	15	59

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny.
†Noon GMT temperatures.

Continued from Page 1

Bank

the UK financial system is to be maintained. Any legislation would need to be fairly broad, to cover established policies, for example, in areas such as the relationship between insurance companies and brokers and the banking system.

Despite growing signs of official sympathy for the right of the Hong Kong and Shanghai Bank to proceed with its bid for the Royal Bank, the Bank of England shows no signs of softening its position appears to be becoming increasingly isolated.

Its opposition is based on the argument that European countries in general do not allow acquisitions of major indigenous retail deposit banks by overseas banks, and that the Hong Kong Bank is not responsible to an ultimate central bank in the way that a European or U.S. bank is responsible to its central bank. If it was, the Bank believes that the Hong Kong Bank would have been dissuaded from making its bid.

In terms of its share of the domestic sterling market, the takeover of the Royal Bank Group is the same as an overseas bank acquiring control of Bank of America or Deutsche Bank. In both cases it is most unlikely that the domestic authorities would countenance such a move.

Dock exhibition site proposed

BY ANDREW TAYLOR

AN INTERNATIONAL exhibition centre has been proposed for London's new enterprise zone on the Isle of Dogs, part of the capital's former enclosed docks.

The proposal has been put forward by clients of architects Richard Seifert and Partners, already heavily involved in a dockland development proposed for the former Surrey Docks.

The names of the prospective financial backers for the Isle of Dogs development have not been revealed. Plans are thought to include an exhibition hall with an office complex and other support facilities, an hotel, housing, and shopping facilities. In total, the scheme could comprise around 2m sq ft.

The London Docklands Development Corporation, an agency established this year to mastermind the regeneration of more than 5,000 acres of the capital's former docklands, is sifting through a variety of development schemes for the Isle of Dogs. These include office, industrial and residential developments as well as the Seifert scheme. Smaller projects are also under consideration.

Developers have been showing renewed interest in the Isle of Dogs since it was announced that the area, less than three miles from the City's eastern boundary, has been chosen as one of the Government's enterprise zones.

Companies operating within the zone will be free from local authority rates and development land tax. Other benefits include simplified planning procedures and freedom from industrial training board requirements.

Surrey Docks scheme, Page 4

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